





## LOMBARD

## Action likely to slow DCE growth

BY SAMUEL BRITTAN

THE AUTHORITIES will soon have to act to curb financial growth. "Will" rather than "should". Because the only safe assumption is that the U.K. must be eligible to borrow from the IMF in December when the central bank standby credits expire.

Unfortunately, Domestic Credit Expansion, the measure which most interests the IMF, appears to be soaring. When the Chancellor drew on the first credit tranche and oil facility earlier in the year, the forecast DCE for 1976-77 at £9bn, equivalent to 16 or 17 per cent of total domestic credit. This was a soft objective enunciated in a letter to the Fund for the unconditional section of the U.K.'s drawing rights. Yet even this soft target looks like being exceeded. For DCE seems to be running at an annual rate of about £9bn.

Thanks to the IMF's interest, this indicator, which now appears quarterly and three to six months in arrears, is likely eventually to appear monthly. In the meanwhile analysts can make a good guess from items such as bank lending and external finance of the public sector. It is only the large scale overseas borrowing and resort to the reserves which has so far hidden the expansionary stance of monetary policy.

## Money supply

This threatened failure to achieve objectives can also be seen in the normal money supply figures. There were unfavourable special factors in July, but there were favourable ones such as an erratically low public sector borrowing requirement which was more than covered by sales of gilt-edged securities. Public sector borrowing is now more normal and there appear to have been hardly any net sales of gilts in August. Thus it is not surprising that net holdings of Treasury Bills have been rising.

Greenwell's have suggested that there may now be a pause in the very rapid growth of bank lending to the private sector. But even if this occurs it will not stop the money supply from growing at an average annual rate of at least 14 per cent. This is the rate at which M3 has been growing from March to July of this year. Indeed, I would be surprised if this by now well established 14 per cent rate were very different from the original official forecast for the financial year as a whole.

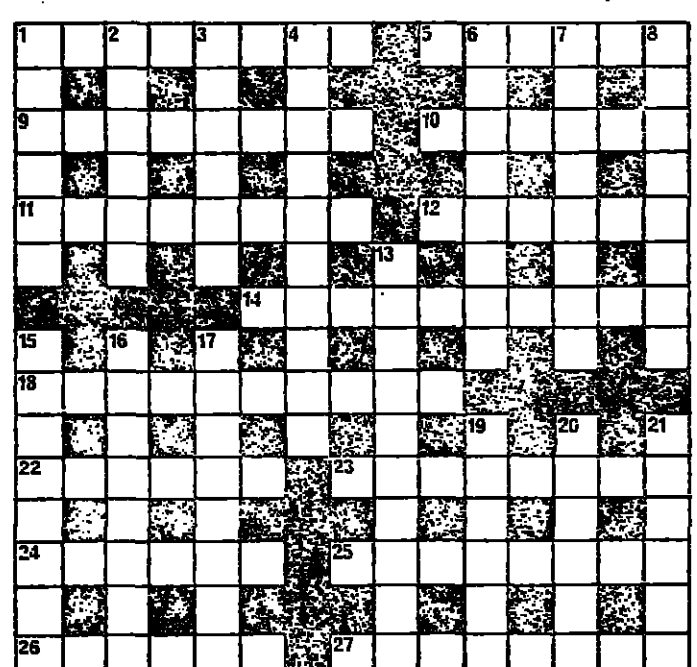
## F.T. Radio

† indicates programme in black and white

## BBC 1

7.05 a.m. Open University (UHF only). 9.40 EastEnders and Bluey in their flying machines. 10.30 Jackanory. 10.55 Davlin. 10.30 Roobarb. 10.55 Boy and Horse. 1.15 p.m. Ncvs. 1.30 Bod on the Beach. 4.30 Regional News (except London). 4.55 Play School. 4.50 Speed Buggy. 5.15 Ask Aspel. 5.40 Magic Roundabout.

## F.T. CROSSWORD PUZZLE No. 3,166



- ACROSS**
- Put a team in reserve (3, 5)
  - Harder followed drink (6)
  - Pub ought to age quickly (12, 2, 4)
  - Stop-press news of the French exam (6)
  - Shrink from making agreement (8)
  - Vanquished after getting 100 nearer... (6)
  - ... as a precaution even during trial (4, 2, 4)
  - Starter comes from redskin stock (6, 4)
  - Corn I'd processed from the fair race (6)
  - Speculate on the alternative sound of observers (8)
  - Improve part of gramophone (4, 2)
  - Are goodbyes able to be made into classical music? (8)
  - Strains perfect future for example (8)
  - Beastly keeper could be broker (8)
- DOWN**
- Change enabling one to get turned on (6)
  - Premier's number worker gives to occupier (6)
  - Day anger turned to ridicule (6)
  - Discourage lectures on water-

## GARDENS TO-DAY

## Thirsty old Doris is still in the pink

BY ROBIN LANE FOX

EVERY DAY, water is being sprayed over local football pitches. Hoses coil long miles of grass so that young men can race their horses over fences three months before the public takes any interest in this sort of race meeting. To both one and a fortnight is thought to be intolerable. But as soon as I water my winter cabbage plants, I am liable to a fine twice as large as the maximum I doubt if a motor car. I doubt if the Government have ever grown one fresh vegetable between them and I see no evidence that their staff distinguishes between watering a lawn and watering next year's food. No gardener who values his FT would waste water on grass anyway. A lawn has to be soaked repeatedly if the watering is to encourage it. Grass recovers remarkably as soon as the rain comes: indeed, it has always been reckoned to be among the toughest plants in dry weather. On the other hand, my bathroom is a long way from the young brussels sprouts and I cannot siphon the water onto them. So I have now lost them and will have to buy vegetables until February when the garden will be watered again. I am still encouraged to have far too many baths.

## New varieties

One has to look far to see a brighter side at the moment, but I must admit to some successes in the flower garden this year which I will carry forward from one season to the next. Often, I have promised myself some new varieties of pink. Indeed, the pink and the campanula are two plants whose varieties should be bought on sight, for there is hardly a bad one among them. Favouring alpine plants, I have tended to buy alpine plants, but must admit that this is not especially advisable. Their flowers are small and interesting but they seldom have the scent or the colour of the larger garden hybrids or the excellent Allwoodii varieties.

For £1 in April I bought 25 rooted cuttings of the salmon-pink Doris, the mother of most of these newer show pinks. It is a low plant, the blue stems and leaves are forming a chalice which is otherwise confined in its brief life span to the first year of its life. I have admired the frequent show of pinks among grey leaves staged by Mrs. Underwood, of Ramphart Nursery, Colchester, Essex, at the Royal Horticultural Shows. I am aware that the Doris of the long-stemmed border pink which grew too tall for a wall or an edging are now over. A new group, semi-double and very free-flowering, has come to the range from Samantha to Tracey and back again. Only this year have I grown them myself and although I have chosen the most obvious I cannot recommend it too highly.

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12.00 a.m. Phoenix 3. 11.00 Treasures in Store. 11.30 Recreation and Interest. 12.00 a.m. News. 12.30 a.m. News. 1.00 a.m. News. 1.30 a.m. News. 2.00 a.m. News. 2.30 a.m. News. 3.00 a.m. News. 3.30 a.m. News. 4.00 a.m. News. 4.30 a.m. News. 5.00 a.m. News. 5.30 a.m. News. 6.00 a.m. News. 6.30 a.m. News. 7.00 a.m. News. 7.30 a.m. News. 8.00 a.m. News. 8.30 a.m. News. 9.00 a.m. News. 9.30 a.m. News. 10.00 a.m. News. 10.30 a.m. News. 11.00 a.m. News. 11.30 a.m. News. 12.00 a.m. News. 12.30 a.m. News. 1.00 a.m. News. 1.30 a.m. News. 2.00 a.m. News. 2.30 a.m. News. 3.00 a.m. News. 3.30 a.m. News. 4.00 a.m. News. 4.30 a.m. News. 5.00 a.m. News. 5.30 a.m. News. 6.00 a.m. News. 6.30 a.m. News. 7.00 a.m. News. 7.30 a.m. News. 8.00 a.m. News. 8.30 a.m. News. 9.00 a.m. News. 9.30 a.m. News. 10.00 a.m. News. 10.30 a.m. News. 11.00 a.m. News. 11.30 a.m. News. 12.00 a.m. News. 12.30 a.m. News. 1.00 a.m. News. 1.30 a.m. News. 2.00 a.m. News. 2.30 a.m. News. 3.00 a.m. News. 3.30 a.m. News. 4.00 a.m. 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By Financial Times Wednesday August 25 1976

# One-off is still on

by CHRIS DUNKLEY

seems to cause more... television... single play... On those... when it has been... some that TV might... abandon the genre... and turn entirely to... serials, the chorus of... as always been very... and very loud.

At the National... there will be an... will, as far as I... unique in the history... on cinema: a two-... of at least 27 single... made for British tele-... the last 20 years... include such famous... The Rose and the... Stocker's Copper... by Nigel Barton plays... son was put together... fadden, the admirably... television officer of... Archives, who has... the NPT's programme... the season—

the first act of Equus ends... with an ever more climatic... in fact literally organic—scene... in which the dynamics of the set... exciting writing, and acting at... an extraordinary pitch of in-... intensity combine to produce a... visceral experience in the on-... looker so powerful that it is an... effort not to cry out.

memory of Bartok, and his... Music for Strings is its direct... antecedent, though Lutoslawski's... piece, in keeping with its title... Andrew Lloyd Webber... to the memory of the... us Bachauer, who died... It was a worthy... lesson can trip through... out cascades of this... ease: one might ex-... from a past winner... plus competition. Less... anticipated, and very... were the strength and... of direction he brought... in seem no more than... ul display of virtuoso... For the most part he... this without any... access of power, there was a brusque... the start of the third... which came as a... both of his approach... music. More gener-... obtained his effects by... the bass to sound... leary when that was... by keeping an eye be... next turning in this... concert.

new season at... Grand Theatre, Geneva... and Théâtre in Geneva... clal place in the cul-... of the Swiss city and... season there opens on... 7, closing on June 28... course of these ten... e theatre will offer a... e which will include... rsonal, dance pre-... y the Ballet Company... and Théâtre, The Dam-... Faust by Berlioz, six... es by the Béjart... eber's Freischütz, an... or the end of the year... Verdi's Don Carlos, a... hic programme by the... mpany of the Grand... Mozart's Nozze de... Bizet's Carmen, Le... des Dieux by Wagner... e's La Bohème.



Galina Vishnevskaya as Lady Macbeth in the Scottish Opera production of "Macbeth" at this year's Edinburgh Festival



Mary Peach and Michael Bryant in "Can You Keep a Secret?"

## Critics, conductors and composers

by ELIZABETH FORBES

Conversations with Cardus, by Robin Daniels. Gollancz. £5.95. 278 pages.

This record of informal conversations between the author and Neville Cardus speaks with the authentic voice of the Guardian's late, great critic. Subjects discussed cover a wide range—musical, cricket, Cardus' years in Australia, his colleagues in Manchester, and every aspect of his craft as writer. There are splendid anecdotes on musicians, including two Beecham stories: a woodland player new to the orchestra whose name was Ball, elicited the remark "Ball? Oh, Ball. How very singular." The soprano soloist in a Messiah who had studied the score for weeks, taking it to bed with her every night, was told, "I'm sure we shall have an immaculate conception." But the quality that suffuses the book, and all of Cardus' writings, is love: "the gifts I would most thank the gods for a sense of humour and the capacity to love."

Toscanini by George R. Marek. Vision Press. £00.80. 299 pages.

Cardus tells a Toscanini story: William Primrose, the viola player, invited to supper with the maestro, looked forward to a first hand account of the premiere of Verdi's Otello; after gobbling his spaghetti without a word, Toscanini rushed to the television to watch his favourite sport—wrestling. In his biography George Marek duly chronicles this addiction to wrestling, in addition to the familiar outlines of the conductor's life and career. He describes Toscanini's occasionally violent behaviour at rehearsals, and is interesting on his relationships, personal and professional, with female singers—Storchio, Farrar, Lotte Lehmann.

But the book remains a superb, factual study of the man, affectionately, reverently written, that does not penetrate to the heart of the artist.

Delius. Portrait of a Cosmopolitan by Christopher Palmer. Duckworth. £9.50. 193 pages.

This book attempts to show the links that bound Delius to America, Scandinavia, Germany and France, as well as to England. The section on Norway and Grieg is of particular interest, but Florida and Duke Ellington, Germany and Nietzsche, Paris and the Scan-

dinavians, such as Strindberg and Munch, that he met there, are hand. Too much pedestrian detail, plus musical analyses of chapter on England emphasis is several of the symphonies, is as much on the influence Delius exerted over Bux and Warlock, and through Warlock, over Lambert and Walton, as on the inspiration he drew from the English countryside.

Beverly Brian, the Man and his Music by Reginald Nettel. Dobson. £7.50. 215 pages.

Brian, composer of 72 symphonies, several operas and innumerable other works, many unperformed, died in 1972 at the age of 96, so this year marks his centenary. Reginald Nettel wrote a book during the second world war on Brian, called Orchestral Music, which forms the basis of the present life. Born in the Potteries, Brian was an Arnold Bennett kind of character, and is mentioned by name in one of Bennett's short stories. This earlier part of the book is very readable, but with the arrival of the composer in London, where a new schism—between pop and he lived at first in extreme classical—divided music and poverty and squalor, the society.



Moray House College, Edinburgh

## The Trojan Women

by B. A. YOUNG

The presence of La Mama in ecstasy, as one can feel from the Festival is not really a music in a language not under- tribute to the Bicentennial (as stood. (The dialogue is almost all sung or chanted, to music noon watching an American by Elizabeth Swados.) What I company perform the first saw and heard was a succession American play ever written, a of short scenes played on various more appropriate tribute, but of this I shall write later). This platforms that run round three sides of the auditorium, the Romanian Andrei Serban, has in fact been in Europe most of the audience standing in the middle until halfway through. The year, and there is nothing American about the production, almost barbarously projected. Little attempt is made to present a but its basic idea, it is says Mr. Serban, "a composition based on prison themes," its language including not only Greek but Aztec and sundry dialects from Africa and the Americas, with some meanin- less syllables thrown in for purely emotional or musical pur- poses. Mr. Serban, who worked with Peter Brook in Paris, has produced his own version of Orghast. Even when it is a true language, it is not always spoken for our understanding. One line that emerged from a mumbled chorus was "Coax makarios ta."

What then do we see, what hear, what feel? To start with the third of those questions, I myself felt the most profound sensations of pathos, horror or

## Theatre Royal, Stratford E. Old Time Music Hall

by MICHAEL COVENEY

"Our next act needs no intro- duction—he hasn't turned up." Just one of many familiar pearls from the chairman's potter in an entertainment that use- fully fills a summer spot at this address and reminds you of the roots of the place. With house- lights up for the choruses, the middle-aged couples all but roll- ing in the aisles and some delightful individual work from the London Pride Company, you also wonder how an early cause of "community theatre" could be better served than by a show which unashamedly reverts to the music hall tech- niques of yesterday. At one point on Monday, a con- vulsed lady in the front stalls involuntarily disclaimed: "It's snug, the evening settles unchal- lengingly around its audience, was referring to the antics of a wayward collar sported by Mr. Terence Bayler as he manfully strove to sound a sentimental John Gould.



## hopin and Lutoslawski

by PAUL GRIFFITHS

From performance... Second Piano Con-... by Garriek Ohlsson... BBC Symphony Orches-... Andrew Lloyd Webber... to the memory of the... us Bachauer, who died... It was a worthy... lesson can trip through... out cascades of this... ease: one might ex-... from a past winner... plus competition. Less... anticipated, and very... were the strength and... of direction he brought... in seem no more than... ul display of virtuoso... For the most part he... this without any... access of power, there was a brusque... the start of the third... which came as a... both of his approach... music. More gener-... obtained his effects by... the bass to sound... leary when that was... by keeping an eye be... next turning in this... concert.

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## 'South Bank Music Fair'

From Monday, August 30, im- pressario Derek Bayler will be presenting, in conjunction with the Greater London Council, 13 separate concerts at the Eliza- beth Hall under the collective title of The South Bank Music Fair.

The Festival Hall, which governs the Elizabeth Hall, al- locates very few dates each year for what they determine "contemporary music," and rarely allow management and conductors to penance a block booking of weeks or even con- secutive days. However, they have agreed to Derek Bayler's South Bank Music Fair which is based on the American State Fair system. The event opens on August 30 when Labi Siffre stars in concert followed with appearances by The Million Airs (August 31); Five- penny Piece (September 1); Forsling (September 2); Phil Manzana (September 3); Alan Price (September 4); Bothy Band (September 5); Sydney Devine (September 6); Jake Thackray (September 8); Keith Nichols (September 9); Pasadena Roof Orchestra (September 10); Salena Jones (September 11) and Pam Ayres (September 12).

## 'Ondeko-Za' opens at Collegiate Theatre on September 6

ONDEKO-ZA (Demon Drums) is a company of 18 percussionists, musicians and singers from Japan. They perform exotic drum routines, dances and songs from the countryside of Japan. In their first appearance in Britain they open on September 6 at the Collegiate Theatre, fol- lowing a U.S. appearance with the Boston Symphony Orchestra.

## STRATHCLYDE. ACROSS THE RIVER FROM THE TRUCK FACTORY AND YOU'RE IN THE WORLD OF PENICILLIN G.

Heavy trucks are the kind of product you would expect to find made in Strathclyde Region. So you wouldn't be too surprised to find a highly successful and expanding truck factory in Glasgow.

But just a short drive from the city you'll come across a big success in an altogether different field.

In pharmaceuticals. In fact the most advanced plant in Britain for the production of penicillin G is very much at home in Strathclyde. Naturally Beecham, whose plant it is, are delighted and others, like Roche, Laporte, Organon, Parke Davis, have found that Strathclyde suits pharmaceutical manufacturing down to the ground.

Strathclyde has some rather special advantages. Water is one. Millions of gallons a day if you want it. Highly developed skills is another.

Chemists, technicians, engineers. Educated in the region, they don't want to leave.

These sort of perks come on top of the kind of benefits incoming industry now expects from a special development area. Local and government grants, incentives and premiums. Plus, in Strathclyde's case, particularly good sites and factories.

We've put together a complete file on Strathclyde's particular advantages for the pharmaceutical industry. Ask us for a copy. Ring 041-221 4296. Or send the coupon. Then you'll see why Strathclyde has so much more to go for. To Strathclyde Industrial Development, 21 Bothwell Street, Glasgow G2 6NJ. Please send me a copy of the Strathclyde Pharmaceutical File.

Name..... Position..... Company..... Address.....

Strathclyde Industrial Development

Strathclyde Industrial Development, 21 Bothwell Street, Glasgow G2 6NJ



## WORLD TRADE NEWS

## Japanese motor vehicle output breaks records

TOKYO, August 24.

JAPAN'S vehicle production was a record 718,713 units in July, compared with the previous high of 709,028 in June, the Japan Automobile Manufacturers Association announced today.

July production was up 16.4 per cent from July, 1975, the association added, pointing out that vehicle production usually increases in July as makers step up output to build up inventories in preparation for an August slowdown for summer holidays.

The association said July output included 464,378 passenger cars, up 15.7 per cent from a year ago, 250,665 trucks (up 17.8 per cent), and 3,667 buses (up 13.1 per cent). Toyota Motor turned out 240,084 units in July (up 10.9 per cent), and Nissan Motor 205,454 (up 13.6 per cent).

## Seddon trucks for Australia

By Terry Dodsworth  
Motor Industry Correspondent

SEDDON ATKINSON has won an \$800,000 order from its parent company, International Harvester, which wants to sell the British company's 400 series truck in Australia.

Seddon Atkinson already has a small number of outlets in Australia, where International Harvester, with 27 per cent of all truck registrations, is market leader. But the new marketing arrangement will provide International with a European-style heavy range, and will give Seddon Atkinson access to a much greater number of distribution points.

All the 52 vehicles that have been ordered so far will be 400 series tractors, the range which has just taken the company into second place in U.K. heavy tractor registrations.

When they were introduced a year ago, these vehicles had already been designed to comply with Australian as well as EEC regulations. Since then they have undergone full evaluation at International Harvester's extensive research facilities in the U.S.

## Brazil's Oriental aspirations

BY DAVID WHITE, BRAZIL CORRESPONDENT

PRESIDENT GEISEL of Brazil, since the 1973 oil crisis. Between the end of 1971 and mid-1975 (as far as Brazil has got with its investment statistics), the Japanese stake increased nearly fivefold from \$125m. to \$740m, making up 11 per cent of total foreign investment. Interests include an offshore oilfield off the coast of Bahia, a \$100m. investment in a steel plant in Minas Gerais, and a \$100m. investment in a steel plant in Minas Gerais, and a \$100m. investment in a steel plant in Minas Gerais.

After a year of dithering, Brazil hopes to tie up Japan's commitment to a project which will put the Brazilians into the league of major aluminium producers, and to secure long-term sales of important raw materials for Japanese industry. For Japanese companies, the visit is also likely to bring contracts worth several hundred million dollars for transport projects.

The basis of Japan's foothold in Brazil is its expatriate community—at 700,000 or more the largest number of Japanese outside Japan. Some of these are now third generation immigrants, and many Brazilian "niseis" are well entrenched in the local bourgeoisie, accepted and well-liked.

The immigration of Japanese into Brazil has by now virtually dried up—there are more repatriated immigrants these days from the U.S. than there are from Japan—but the influx of people has been followed up even more spectacularly by the influx of capital. In the last three years, Japanese investment has overtaken that of Britain, Canada and Switzerland. Now estimated at \$11m., it takes third place behind the U.S. and West Germany, which have big motor and oil distribution interests.

The growth of the Japanese presence has outstripped even the highest rates of Brazilian economic expansion, although both have been in bad shape

Nicholas Colchester writes from Bonn: Ford and Opel were both able to increase their July sales of new cars despite a seven per cent fall in the West German total of cars registered in July compared with the same month in 1975. Among the importers British Leyland and Toyota also managed to step up their deliveries to customers.

The honour of being Germany's largest seller of cars was retained by Volkswagen/Audi, although its July registrations of 38,647 compared with 40,824 a year earlier.

Pepper's figures bounded upwards from 25,355 to 30,500. Ford's registrations rose more gradually from 24,302 to 26,037. Everybody else's sales in July fell, except those of British

## French car price study

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

A NEW survey of the French car market has indicated that while prices in general over the past four years have risen faster than the retail price index, they have gone up more slowly than the increase in gross incomes.

This examination of French car prices has been carried out by Euroeconomics, the Paris-based research group, and covers the period in between 1972 and 1976.

In both the category relating to retail prices and the movement of gross wages, the price relationship has moved in two distinct phases. The first was between 1972 and 1974, when car

prices rose only slowly, and the second between 1974 and 1976, when they rose much faster. For the period as a whole, the fastest rising "price," says the survey, has been the cost of replacement. This cost has been measured as the difference between the used value of a 3-year-old model and the price of a new model of the same make and type.

New car prices of some Italian and British models have risen less sharply than those of German built models. This suggests that the recent depreciation of sterling and the lira against the franc has improved British/Italian price competitiveness.

## Berlin fair this week

BY LESLIE COLT

BERLIN, August 24.

EUROPE'S largest import fair specialising in products from developing countries opens on Thursday at the West Berlin fair grounds and runs to August 30.

The Overseas Import Fair is regarded as the leading European testing ground for the marketability of products from third world countries as well as a growing number of developed overseas countries such as Japan.

A spokesman for the Berlin Fair organisers said he had been informed that a British fair to be held along these lines later this year would be a one-time event oriented towards British businessmen.

The fair has been given strong backing by the West German Government as a means of aiding developing countries to find an outlet for their products. Just over 1,000 companies selling goods from 57 countries are represented.

over who should foot the bill for a hydroelectric power plant nearby at Tucuruí and the French stepped in with an offer, including a loan for most of the cost. It was reported—perhaps worry the Japanese—that the aluminium project might go to France as well.

In a smaller aluminium project in south-east Brazil the Japanese have dropped out of the running since the 1973 oil crisis.

Japan's Foreign Ministry announced in Tokyo yesterday that Brazilian President Ernesto Geisel will visit Japan from September 15-20 at the invitation of the Japanese Government. General Geisel and the Japanese Prime Minister, Takeo Miki, are expected to exchange views on future economic co-operation between the two countries, including natural resources development projects in the Amazon area.

electric companies, a stake in the Usiminas steel complex in Minas Gerais state, and a small but increasing involvement in agriculture.

But some of the biggest joint ventures between the two countries are still in the process of getting off the ground, or else have been grounded by Japanese delays and Brazilian loss of patience. The Japanese consortium, Light Metal Smelters Association, is due to take up a 49 per cent stake in an aluminium smelter just outside Belém, at the mouth of the Amazon. The cost of this project was last estimated at \$250m, and it is linked to a bauxite mining venture further into the Amazon region, which the Brazilians are anxious to get going.

Negotiations on the project—dubbed Albras—looked decidedly shaky when the Japanese banked

in favour of Reynolds Metals of the U.S. The Brazilians are also looking for a new partner to replace Nippon Steel in an export-oriented steelmill planned at Itaquí near the northernmost point of São Luís.

The Itaquí project is still in doubt—and with it some of Brazil's more ambitious steel-making plans—but it appears almost certain that Japan will go ahead with the aluminium venture, despite its commitment to another big aluminium plant in Indonesia.

The steel companies, meanwhile, are putting in investments ahead of the aluminium. Nippon Steel is one of a group of Japanese companies due to take a minority stake in a company developing 130m. tons of iron ore in the Amazonian mountain range of Serra dos Carajás. Kawasaki Steel has

signed a "basic agreement" on a 49 per cent stake in another iron ore project at Capangema, which, although total investment is estimated at a relatively modest \$100m., represents an unprecedented level of direct investment by Japanese steel company in a raw material source overseas.

The same company has also gone into a \$20m. steelmill at Tubarão on the south-east Brazilian coast alongside Italian and Brazilian state interests. The Brazilians holding the controlling share.

Companhia Vale do Rio Doce, the state-run mining group in charge of both the Serra dos Carajás and Albras ventures, is also leaning heavily on Japanese partners for forestry and pulp production, and Japanese interest in Brazilian land potential is clearly increasing. One proposal that has been mentioned is development of the babaçu nut reserves lying at the edge of the Amazon jungle—a fruit of seemingly endless uses, from cooking oil to cosmetics, ersatz car fuel to baby food, but which has up to now defied attempts at mechanical processing.

Among the specific agreements Gen. Geisel can hope to sew up in Tokyo, the following are "in the air":

— final go-ahead for the aluminium joint project;

— a large Japanese loan, possibly around \$600m., tied to sales of equipment for three harbour developments, at Praia Mole in Espírito Santo State, Sepetiba, south of Rio de Janeiro, and Rio Grande in the far south.

Japanese participation in these projects has been discussed for some time, although the Brazilians have up to now reported "a certain apathy" on the part of the Japanese.

— a contract for a 250-mile stretch of high-speed railway between Rio de Janeiro and São Paulo.

— a second Brazilian Treasury note issue on the Japanese market following one made in late 1973.

— a renewed iron ore contract, reported to be for 300m. metric tons over 20 years. This would be one of the biggest contracts Brazil has ever signed, would increase its iron ore sales to Japan by about 70 per cent, and would also be worth about \$3.6bn. at current prices.

Mr. Toshio Tanaka, Japan's Minister of International Trade and Industry, was in Brazil last month, and pledged support for a variety of projects, including hydro-electric development. His visit was the latest of a series aimed to reassure the Brazilians of Japan's honourable intentions; Mr. Tanaka came shortly before his fall from power, and Deputy Premier Mr. Takeo Fukuda followed him last year.

The plentiful and cheap labour force Japan once had, Brazil still has, along with raw materials, space and an outlook that has not yet been much affected by such concerns as pollution. It also has a reputation as a place where Japanese do well.

IN BRIEF  
Danish order for U.K. group

The cryogenic systems division of Air Products has been awarded a £2.5m. contract for the supply of a 164-tonnes-per-day oxygen plant to the City of Copenhagen. The oxygen plant is to help reduce the pollution in the Øresund by providing oxygen for activated sludge treatment of waste water in a new \$45m. sewage treatment plant which is due to start operation in April, 1979. I. Kruger is engineering consultant to the City of Copenhagen for this project.

The contract is the first one received by Air Products in Europe to supply oxygen for a waste water treatment application. However, the company through its parent corporation, Air Products and Chemicals of the U.S., has long-term experience in waste water treatment using oxygen.

● HOUSING starts in the U.S. rose by 23 per cent in the second quarter to 393,200 from 320,500 in the year-ago quarter. The figure, seasonally adjusted, shows an annual rate of 1.3m. units, unchanged from the first quarter rate.

● MALAYSIA is planning to establish a \$3m2bn. liquefied natural gas plant to process oil from natural gas reserves off the coast of Sarawak, enabling Malaysia to export about 6m. tonnes of gas valued at about \$3m1.7bn. a year.

● AUSTRALIA and West Germany have signed an agreement to promote scientific and technological co-operation, and will carry out a joint feasibility study for setting up a large coal liquefaction plant in Australia. The plant would produce petrol and basic chemicals from coal.

● WESTINGHOUSE Electric has received a \$12m. contract from the Trinidad and Tobago Electricity Commission to supply an 88,000 kilowatt gas-turbine power plant. It is scheduled for commercial operation next July.

● AN IRAQI delegation is reportedly going to Moscow next month to discuss Soviet participation in construction of a number of dams costing at least 250m. dinars (\$842m.).

● SYRIA has obtained loans totalling 265m. Rial (about \$76m.) from the Saudi Development Fund to finance the expansion of two ports, the construction of a highway and a military hospital.

## EUROPEAN NEWS

## Demand falls in German investment goods sector

BY NICHOLAS COLCHESTER

BONN, August 24.

THE LATEST Ifo survey of the mood in West German industry is a setback for the Government of Chancellor Helmut Schmidt as it prepares for the October elections gets upstream.

The Munich institute's findings for July are predominantly disappointing. The bright spots are export demand, industrial profitability, and faint signs that the German consumer may be shaking off his reticence of recent months.

The expansion of demand has lost a considerable amount of momentum, says the Ifo economists, and comment that "the development of internal demand, and particularly of demand for capital goods, has been without doubt disappointing over the last few months."

They claim that the volume of orders by industry in the second quarter was, seasonally adjusted, rather below that for the first quarter. Export orders, on the other hand, were up by a real five per cent from quarter to quarter.

Ifo's comments on the investment sector are particularly disillusioning, first because this is the area where firms must catch up next if the economic upturn is to continue, and second because of the importance of the investment sector to German manufacturing industry.

Domestic orders for machinery have been falling, seasonally adjusted, since April and in July reached a level equal to the low point of the recession. Domestic capital goods orders as a whole have, says Ifo, barely improved since the beginning of the year.

Once again it is export demand that is propping the economy forward. Ifo comments that the make-up of foreign orders has altered perceptibly between the winter and the second quarter. The growth is coming less from raw materials and indus-

trial inputs—typically required for retooling—and less in the realm of consumer durables, but more in the capital goods area.

The surveys of the industrial sectors reveal no area in which a definite slump in business is expected—the general tone suggests that it is a widespread deflation of heightened expectations that is being registered here.

Nevertheless, the Ifo economists feel moved to answer the question: "Has the German upturn come to an end?" They think not.

They think that export demand, and a pick-up in consumer demand (of which the retail trade sees no sign) will continue the improvement in use of capacity. In what is virtually a statement of faith, they add that company profitability is improving and that the "conditions are therefore right to see that the cyclical upturn continues after this breathing space."

But if President Giscard d'Estaing, who has taken the drought problem personally in hand, was hoping that the scheme would soothe union hostility to anything which looked remotely like an incomes policy, he has been disappointed. Refusing to be sidetracked, representatives from most major unions have come out against the idea—and not only because they see it as a camouflage for the dreaded incomes policy.

Their biggest grudge is that, in the usual self-employed, would-under-France's declaration-tax-system, escape lightest. The burden of "national solidarity" would thus fall on wage earners whose ability to evade taxes is much less.

Spain bows to air go-slow

THE Spanish Air Ministry yesterday conceded demands for better equipment from disgruntled air traffic controllers whose go-slow has disrupted flights and stranded thousands of holidaymakers. Reuter reports from Madrid.

The reaction of the controllers was not immediately known. An Air Ministry spokesman said the controllers would not be drafted into the army—a strike-breaking tactic used against postmen and railworkers last January.

Flights were still up to two hours late yesterday after chaos during the week-end peak period for chartered flights into Spain's beach resorts and holiday islands.

Aegean survey ship returns to Turkey

THE third phase of Turkey's oil exploration programme in the Aegean ended this morning when the state survey vessel, Sismik 1, returned to İzmir for a week's maintenance work, Meftin Murat reports from Ankara.

The vessel has been at sea for five days, taking soundings in the vicinity of the Greek islands of Chios and Samos.

Oil soundings have now been taken over roughly half of the Aegean from north to south. The Ministry of Petroleum is to go on three other expeditions.

IF "SOAKING the rich" is now, says the stuff of budgets in Britain, Ireland the trend is towards soaking the poor. Inside a year drink prices have on average risen by a third thanks to harsh taxation and inflation.

Tax on an Irishman's pint is now 18.4 pence, near enough half the rate in the rest of the world's highest revenue rate for beer: a statistic that many Dublin wags say is worthy of the Guinness Book of Records. Bar takings have dropped by about 40 per cent in 1976, and the potter's word in rural Ireland is that poteneers are making a comeback.

Pronounced "potcheen," it is the harsh, colourless spirit produced by illicit distillers mainly in the remote West of Ireland that is being discussed as a legend. If so, it is a legend in its own lifetime for the trade is far from dead.

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The Government has also reserved the right to decide "in what form" the report must be published. This was later explained as referring to matters involving personal privacy and the protection of sources of information.

Agreement with the U.S. Justice Ministry on the release of all U.S. information is still being negotiated, though the Dutch Government said that "broad agreement" had already been reached on the matter.

Although all official sources in The Hague remain tightlipped on the outcome of the Donner inquiry, well-informed sources close to the Cabinet are still firmly saying that the report will probably not produce conclusive evidence either way as to Prime Minister Bernard's involvement in payments from Lockheed.

By all accounts he was wrong, for Poteen's reputation is getting steadily more dubious. Once a fine malt whisky in the days that the police hunted "through the fields of rising barley," it has since gone downhill. Its ingredients have deteriorated in the years since the war, and sugar to treacle, golden syrup and fruit. The current favourite is best pulp because it is a fast fermenter. If you are lucky,

and priests have in the exhorted parishioners in their stills by leaving anonymously in the grass for collection. The practice, declaring a general amnesty, it may not work, but it probably does not, in the 1930s far sterner men, the wisest of the Bishops declared that it was "reserved" sin, meaning that was too serious purged by confession. Local parish priests. The would be up before the hi.

Traditionally a We Ireland pursuit, poteen is now believed to be its way across country more sophisticated East and the Greater Dublin area. The rest of the holders from the poorer, speaking "Gaeltacht" at the fertile farmlands of Meath. Westmeath and has brought with it a of skilled distillers and is now much more available these hitherto laws countries. Whether, or that much of the law pro the poteen-makers is slip off by the local IRA, really knows.

In some ways, poteen is said to have become respect of late. This spring the 20,000-bottle consignments shipped to the United States in fact, a licensed made by Irishman distillers, which aims to hit the same markets as regular legally-produced "corn oil" in the States. Four years similar drink was launched and called "secret" with the word "poteen" in small print on the label. In small print on the label, attitudes toward the hard seem to be softening and "poteen" is the unash brand-name.

There is another still more bizarre deterrent, and it is spiritual rather than secular. The Roman Catholic Church takes a dim view of poteen-

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## Giro three defeats Irish bank strikers

By Giles Merritt

DUBLIN, August 24. THE SUDDEN, surprise lapse of the Irish bank last night has now given to intense speculation Dublin over the even immediately preceded the employees' climbdown.

The unexpected death the executive of the Irish Officials' Association to the 13-25 a week pa whose rejection began strike exactly two mon is being interpreted as a for the strikers and an tion that the Irish Govr had threatened to use force to break the strike.

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OVERSEAS NEWS

Will likely  
Third  
World  
needs

**Swiss Bank Corp.**  
ZURICH, August 24. The Swiss Bank Corp. is likely to develop a new line of business this year and next, according to estimates issued in the Swiss Bank Corp. annual report. The bank points out that economic recovery in Western industrial nations has led to a demand for Third World products. Since the half of last year, to an extent in the prices for raw materials. At the same time, the rise in prices for imported raw materials has slackened the pace at which these countries have taken their imports. In these factors, which is a favourable effect on a balance of many non-industrial countries, the report says countries' combined account of payments has improved to some \$20bn. for as a whole and will further to about \$23bn. ear. claims the bank, the of payments of the non-industrial countries, showed a slight increase in their deficit from some \$25bn. in 1976 and 1977, the annual requirements of oil LDCs are estimated at \$45-46bn. this is \$39-40bn. next. However, the bank stresses that these figures are below of \$51bn. reached in 1976. It is still in excess of the generally needed by the world in the past. In recent years there has been an increase in the total income of the 86 developing countries, public foreign debts risen from \$74bn. in 1970 to \$107bn. in 1977 and — according to the Swiss Bank Corp. calculations — further to \$120bn. in 1978 and as much as \$130bn. in 1979. The bank's report on the 86 countries for several years being for a growing share, he report points out has called for the entire public by the 17 OECD States and their debt assistance committee. The balance of payments of the 86 countries deteriorated by the \$36.5bn. total in 1975, the Third World as preferring to cover its needs by extensive capital in international financial markets rather than making use of their own currency.

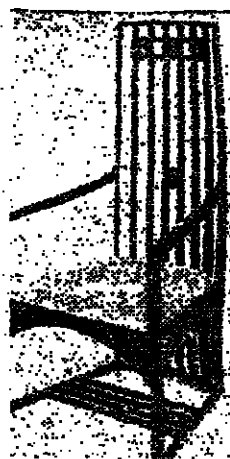
Israeli praise  
Egypt

**CAIRO, August 24.** PRAISED Egypt today for quick rescue of the hijacker at Luxor. The decision taken by the president of the Arab Republic of Egypt in respect to the release of the Egyptian airman and the rescue of the hijacker on board were both "praiseworthy and correct," a Transjordanian spokesman said. He said in Cairo a Government spokesman said the hijacker was released by the Egyptian head of the military intelligence, if Anwar Sadat's chances of re-election for another presidential term.

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Seven die in Soweto as  
work boycott goes on

BY GRAHAM HATTON

JOHANNESBURG, August 24.

**THE STAY-AWAY** by Soweto workers continued today, although with perhaps less support, after a night of tension and violence in which at least seven blacks died in clashes involving police and opponents of the strike, as well as police. The deaths occurred in the Mzimbahe section of Soweto when armed hostel dwellers set upon people, including students, protesting workers, returning from the city. Police themselves fired on people they claimed were intimidators with fine buckshot on several occasions. The Transvaal Chamber of Industries today reported a 40 per cent attendance by black workers in Johannesburg factories, but added that only 10 per cent of the Soweto work force had reported for duty. The

Johannesburg Chamber of Commerce estimated today's attendance rate in shops and offices was 20 per cent to 30 per cent, higher than yesterday's average attendance of between 25 per cent and 30 per cent. In what could have been reprisals against people who went to work yesterday, at least one house was fired in Soweto, while another was razed in Dobsonville. Two Soweto schools were also set alight. The president of the Transvaal Chamber of Industries, Mr. E. Hausmann, said it was possible that the situation would not improve for a couple of days. He added that employers' attitudes seemed to be hardening. Absenteeism rates varied enormously from company to company, he said.

A railways spokesman said 29 trains from Soweto to Johannesburg were cancelled this morning. Those that ran were mostly half empty. Packed buses were still only running to the outskirts of Soweto. It was reported this afternoon that a pregnant woman was killed last night by a stray police bullet, when police opened fire in the street. In another incident, reported in the Johannesburg newspaper, The World, police fired tear-gas into a Soweto house where five children, including an infant, had locked themselves after seeing a police car approaching. John Stewart reports from Cape Town: Widespread disturbances erupted in coloured and African townships here today as students demonstrated and police used batons and tear-gas to restore order. There were no reports of significant worker absenteeism, however.

Uganda property warning

NAIROBI, August 24.

**UGANDANS HAVE** been warned they must not buy property from foreigners without the approval of the Government. The warning was given in a broadcast by Uganda Radio, monitored here. The announcement was interpreted by Ugandans here as referring to property owned by Britons and other non-Ugandans who have recently left Uganda, and not to the much larger pool of property which belonged to several thousand Asians who were expelled from the country in 1972.

The radio gave no explanation for the warning, but said people who disregarded it would do so at their own risk. President Idi Amin was recently quoted as warning the British interests section of the French embassy in Kampala that it must not concern itself with the property of Britons who have left the country. This was regarded as implying that such property might be seized by the State, one lawyer here said. Reuter

Lebanon summit call  
draws cool response

CAIRO, August 24.

**ONLY SEVEN** countries have responded to last week's call by Kuwait for an Arab summit meeting on the Lebanon crisis. Informed sources here said that Syria agreed today and Jordan last night but that the Arab League had heard from only five others: Bahrain, Sudan, Morocco, Tunisia and North Yemen.

Observers attributed the lukewarm response to acute inter-Arab differences and to attempts to confine the agenda to the Lebanon crisis without dealing with other disputes. They said that nothing definite about a date and venue could be expected before the League's council met at foreign minister level on September 4.

They said unanimous agreement on a solution to the crisis would be difficult to achieve, with some countries accusing each other of fomenting the war. If other disputes were not dealt with, however, attempts to settle other disputes could also plunge the summit into disarray, they said.

Very few Beirutis were able to sleep last night as the sky continued to rain shells and rockets and as clashes raged in the city centre and southern suburbs. Fighting and artillery duels were also reported in the eastern mountains and in the North.

Left-wing Beirut radio today accused Syrian troops of contributing to the military escalation. The radio claimed that Syrian troops stationed north of Tripoli, sheltered the Palestinian camps of Ezzawi and Nahr al-Bared, and that Syrian forces stationed in the Jezzin area in the South pounded the Left-wing towns of Roum and Azour with field artillery and rockets.

U.S. envoys Robert Houghton and David Mack concluded their fact-finding mission in the Christian zone today, reports UPI. They left by boat for Cyprus after four days of talks with President Frangieh and other Right-wing leaders.

The Cyprus Government in Nicosia has said it would no longer allow Lebanese to enter Cyprus without visas, writes UPI. An announcement said: "The arrival of a large number of Lebanese without visas has made passenger control extremely difficult, if not impossible."

Another meeting between breakaway Lebanese army forces has taken place with Israeli officers, reports L. Daniel from Tel Aviv. The meeting, which was initiated by the Lebanese through the U.N. and took place at the border post of Rash Hamkra, was agreed to by the Israelis in spite of the Lebanese officers' links with the Palestinian Liberation Organisation, apparently because of an overriding desire to keep the border quiet.

N. Korea  
denounces  
'second'  
U.S. force

HONG KONG, August 24.

**NORTH KOREA** today charged that a second American naval task force, including the aircraft carrier Enterprise, is heading for Korean waters following last week's border clash.

The official daily Rodong Siamun, quoted by the North Korean Central News Agency, said the new task force had set sail from a base on the U.S. mainland.

The United States last week reinforced its 40,000 troops in Korea with two squadrons of planes and six warships, including the carrier Midway, after two American officers were killed in the clash during three-pronged operations.

The Rodong Siamun called on the United States to stop provocative military manoeuvres and withdraw its forces from South Korea — which it said were ready to invade the North.

Meanwhile in Seoul, it is reported that the American-led United Nations Command will meet representatives of North Korea tomorrow to seek assurances that there will be no repeat of the border clash.

The U.S. yesterday shifted from its earlier position that a message of regret about the incident from North Korean President Kim Il Sung was unacceptable because it did not constitute an apology or accept responsibility for the deaths. The U.S. said it now viewed the message as a positive step. Reuter

Australia headed for  
deepening depression  
warns Whitlam

BY OUR FOREIGN STAFF

**IN SPITE** of last week's business orientated federal budget that sent the Australian bourse climbing buoyantly to a two-year high, the former Australian Prime Minister, Mr. Gough Whitlam, warned last night that the country was facing a deepening recession.

Mr. Whitlam, who was addressing Parliament on the new Liberal-Country Party Government's first budget, said it provided no solution to the country's problems. "Australia is in a recession and the recession is deepening," Mr. Whitlam said.

He added that as a social document the budget was "frightening". In presenting the budget last week, the Australian Treasurer, Mr. Philip Lynch, said it applied the maximum restraint judged consistent "with promoting confidence and maintaining a steady path towards economic recovery".

The budget offered a wide range of incentives to businessmen, but kept income and indirect taxes unchanged. And the Government stressed that its priority was to reduce inflation running at present at a 12.3 per cent annual rate.

Yesterday preliminary estimates by the Australian Statistics Office also pointed to a downward trend in the country's industrial activity last month compared to a temporary rise in June.

The figures showed that production was lower in July compared with June for 21 of the 30 items for which seasonally adjusted figures are available. Among the items, raw steel out-

put was down to 671,000 tons compared with 755,000 tons in June and car production was down to 30,300 compared with 32,100 in June.

Output was also lower for consumer durables and in all areas of the textile industry except for cellulose fibre. The only significant increases were for gas and electricity and chemicals.

Compared with July 1975, output was lower for 13 items and higher for 18 with increases generally in raw materials, consumer durables, building materials and textile products.

And according to agency reports, power workers are expected to go on a 48-hour strike in Melbourne to press for a 33-hour week. The strike, which is due to begin on Thursday, is expected to bring all tram and train services as well as industry to a standstill.

Meanwhile, the Prime Minister, Mr. Malcolm Fraser, yesterday blamed "a bunch of hoodlums" for a violent student demonstration which forced him to flee noon. The Government has been told that dissatisfaction is widespread and is not just being fomented by a small group of foreign-born troublemakers in the trade union.

Mr. Muldoon today attacked secondary school teachers who have protested about the effects of Government economies in education.

Trouble continues to hit the giant paper-milling and forest product industry with thousands of men affected by industrial hold-ups and strikes.

NZ unions  
continue  
fight on  
freeze

By Dai Hayward

WELLINGTON, August 24.

**LEADERS** of New Zealand's 21 leading trade unions held a council of war today, then informed Prime Minister Robert Muldoon that they would continue industrial action to have the Government's wage freeze eased. This follows the first ever national transport strike in New Zealand where all drivers stopped work for 24 hours on Monday.

To-day Canterbury province drivers extended the 24-hour stoppage for seven days. Freezing workers who slaughter New Zealand lambs for export to Britain have refused to work more than a four-day week. Aviation engineers have given the required two weeks' warning they will strike and close airports. A shipment of bananas is starting to rot in Lyttelton Harbour, Christchurch, because transport workers refused to move it.

Some hotels are also running out of beer because of delays by brewery delivery workers. And public servants held further stop-work meetings this afternoon.

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The conspiracy theories about the Kennedy assassination have never been properly laid to rest. The recent killing of a second Mafia gangster who claimed he knew who killed the President has again raised many questions, and in particular...

# Was there a Cuban connection?

BY DAVID BELL IN WASHINGTON

TWO WEEKS ago the body of an elderly gangster was found floating in an oil drum off the coast of Miami. His body had been supposed to sink, but gases from decomposition kept it afloat.

The murder bore all the marks of the Mafia, which has disposed of errand members this way before. But its significance almost certainly extends far beyond that of just another gangland slaying. For it is the latest in a series of puzzling incidents that have raised important new questions about the assassination of President John Kennedy in 1963.

Questions now being asked with increasing frequency in Washington and elsewhere. They involve a murky world peopled by CIA agents, the Mafia, Cubans and the FBI with the links between these disparate groups far from clear.

Thirteen years after the death of the President, there is now more interest than there has been for years in its circumstances. New information, some of which the Warren investigating commission did not have, and some which it chose to ignore, has raised perplexing questions that have yet to be adequately answered. So far there is nothing like any conclusive evidence to refute the commission's conclusion that Mr. Lee Harvey Oswald, acting alone and on his own account, killed Kennedy.

But, as the Washington Post, which with the New York Times has in the past taken little notice of conspiracy theories, is now

deeply immersed in the story, put it last week in a long editorial there is now a suggestion that "there is an overlay of potentially embarrassing information sufficiently persuasive to keep an awful lot of people from wanting to have this thing aired."

So much has been written about the murder in Dallas, so many false leads have led nowhere, that many people have been tempted to leave the tangled and confused circumstances that surrounded it alone. But the implications of the latest evidence are considerable and the incident is still too fresh in the public mind for that.

What follows is an attempt to set down the latest doubts about what happened and why, doubts which now seem more than ever likely to lead eventually to a new full-scale inquiry.

The gangster in the drum was a Mr. John Roselli, a Mafia figure of long standing, who with a Mr. Sam Giancana was among those who were recruited by the CIA in the early 1960s to take part in at least one of its abortive attempts to kill Fidel Castro. These attempts, which included the use of poison pens, exploding seashells and even a special powder to make Castro's

hair fall out, were revealed in detail last November by the Senate Intelligence Committee.

The committee, whose temporary mandate expired earlier this year, was set up in January 1975, following widespread allegations of what it later called "substantial wrongdoing" by the domestic and other intelligence agencies serving the U.S. Government. It issued an interim report last year and a final one this spring and the latter concluded that "intelligence activities have not generally been governed and controlled in accord with the fundamental principles of our constitutional system of government."

It took evidence from some 800 witnesses, 250 under oath and 50 in public. It caused the greatest stir when it released its interim report which revealed that apart from the plots to kill Castro the CIA considered killing Patrice Lumumba in the Congo, toyed with the idea of overthrowing President Diem in Vietnam, assisted a group which later shot Mr. Raphael Trujillo of the Dominican Republic and considered removing General Rene Schneider, chief of the general staff in Chile under President Allende.

Mr. Giancana was shot dead in his closely-guarded Chicago home just before he was due to give evidence to this committee. Mr. Roselli, who testified twice, has now also met an untimely end. Mr. Giancana, incidentally, also had a girl friend called Judith Campbell Exner who says that she was also intimately involved with President Kennedy at the same time. Kennedy aides have since denied this.

In its report the committee mentions a report of an interrogation at the FBI, which took place at the FBI. This featured two men, anonymous men who insisted that they knew who had killed Kennedy, that they were Cubans or sympathisers with Cuba and that they had done it in retaliation for the CIA's



The President

Castro assassination plots. Two days ago the Washington Post identified one of these men as Mr. Roselli, and Mr. Edward Morgan, his well-known Washington lawyer, has since confirmed this and said that he was sure that Mr. Roselli was convinced he (Roselli) knew who had killed Kennedy, but had kept the information to himself. Mr. Morgan also confirmed that Mr.

Roselli had dangled this in front of the FBI because he was in danger at the time of being sent back to Italy.

The Post also reported that about the same time as this 1967 interrogation, the late Drew Pearson—of the most celebrated of American investigative reporters—also uncovered details of the CIA-Mafia link. He was so disturbed by this that, before printing what he had found out, he went to Chief Justice Warren, asking him to see Mr. Morgan. Mr. Warren refused and sent the details on to the FBI. Mr. J. Edgar Hoover, then director, instructed that it be investigated and that the bureau's agents should seek out a possible Cuban connection. But these agents were apparently never told about the earlier CIA anti-Castro plots, nor very much about the CIA link with the Mafia. In time, the investigation died a natural death.

But it was not just junior agents who were ignorant of the CIA-Mafia-Cuba interconnection. The Warren commission itself apparently never knew anything about them either and it is not idle to speculate that, if it had, it might have looked rather differently at the case. Mr. Lee Harvey Oswald's abundant connections with Cuban organisations in the United States.

Late last year the Intelligence Committee noted that there was considerable evidence that the Castro regime, which reported to the Warren commission itself, caught at least one of the curiously inept CIA raiding parties, knew full well what was being planned in Washington. Some three months before Kennedy's death Mr. Castro told an American Associated Press reporter that American leaders—plotting to eliminate Cuban leaders—would not themselves be safe. Ironically, on the very day of the assassination, CIA agents in Paris were in touch with another band of would-be Castro assassins.

This group—its size is not known—was led by a Mr. Rolando Cubela who was close to Mr. Castro and given the code name Amalsh. On the day of the assassination in Paris according to the Senate committee, CIA agents turned over to him a poison pen and explosives to be used against the Cuban leader. There has since been speculation, never confirmed, that Mr. Cubela may have been a double agent whose operations were being monitored by Cuban intelligence.

The Mafia's interest in Cuba sprang from its desire to reclaim at least some of the money it lost when its highly profitable casinos came to an abrupt end soon after Mr. Castro took over. Thus the Mafia was a natural conduit for the CIA to use. But Lee Harvey Oswald also had an intense interest in Cuba. After active pro-Cuban proselytising on behalf of the pro-Castro Fair Play for Cuba Committee in New Orleans in 1963 he travelled, two months before the assassination, to the Cuban consulate in Mexico City using the same assumed name with which he later purchased the rifle that killed the President.

It is not at all clear what he did there or why he went, but the visit has assumed new significance in the minds of some people here. So also has his time in the Soviet Union and the Washington Post also quoted this week a former FBI official who said that the bureau had never properly determined what he did in Russia or why he wanted to go to Cuba.

The involvement of the Mafia may also have raised new questions about the precise status of Mr. Jack Ruby who shot Lee Harvey Oswald soon after the assassination. It has always been assumed that he was acting out of overpowering anger at what Oswald had done. But, in a

recent and carefully researched book, Mr. Robert Sam Anson suggests that Mr. Ruby could possibly have had his own link with the Mafia. The author, who wrote the book before the assassination, did not finish his work, did not have the benefit of all its information.

Mr. Anson's book, *They Killed the President*, produces absolutely no hard evidence about Mr. Ruby who died of cancer in prison some time after the assassination.

The murder of Mr. Giancana has never been solved and it has been wild speculation it might even have been work of the CIA, a vehemently denied by agency. Others have been speculating, equally without

dence, that it could also have been the work of Cuban agents anxious to keep the Cuban connection a secret. Then again, could have been just a stir forward Mafia killing complacently unconnected with the Kennedy assassination.

The evidence remains inconclusive, but coincidences are at least worthy. They are particularly worthy when they are the kind that is now emerging about involvement of the CIA and FBI in a wide range of undercover activities which only since official sanction were kept hidden even from the Government. In this case the suggestion that there may be a lot that some officials do not want revealed cannot be completely discounted.

The newly-formed Select committee on intelligence has now asked the FBI to investigate Mr. Roselli's (and to report its conclusions directly to it. This will inevitably take time and, little as its recent record in solving Mafia crimes has been, the bureau may come up with something more than a few less than outstanding. Nevertheless it will be closely watched by the growing number of people, not normally given to conspiracy theories, who are continuing to doubt about what did happen on November 22, 1963—and why.

he killed Oswald. But it demonstrates that he had close links with the Chicago underworld and lists a number of puzzling questions about him, some of which the Warren commission never really followed up. Among these are his relationship with the Dallas police (they used him as a major source of information about the underworld), his involvement in the running of a succession of seamy clubs of the kind much favoured as "fronts" by the Mafia, the fact that in 1959 he was actively interested in opening a casino in Havana and the fact that there are also reports that he may have been involved in handling guns for anti-Castro groups. Nevertheless, even Mr. Anson conceded that the weak neurotic

John Roselli

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John Roselli

## De Beers

("the Company")

### Higher half-yearly profits

Interim Report to Members

for the half-year ended 30th June 1976 and notice of declaration of interim dividend

The following are the unaudited consolidated results of the Company and its subsidiaries for the half-year ended 30th June 1976, together with the comparative figures for the half-year ended 30th June 1975, and for the year ended 31st December 1975:

	Half-year ended 30-6-76	Half-year ended 30-6-75	Year ended 31-12-75
Diamond account	213 646	109 403	218 795
Interest and dividends	42 222	45 111	94 795
Royalties and sundry revenue	6 876	3 959	10 352
Surplus on realisation of investments less amounts written off investments	5 832	81	(251)
	270 576	158 554	321 691

Deduct:			
Prospecting and research	9 492	8 536	17 557
General charges	9 079	8 823	13 489
Interest payable	2 153	1 532	4 721
Amount written off fixed assets less surplus on realisation of fixed assets	59	(95)	(332)
	19 783	15 600	35 465

Group profit before tax	250 793	142 954	286 226
Deduct:			
Government's share of profit under mining leases	9 072	7 511	14 158
Tax (See Note 2 in regard to 1975)	79 412	21 171	45 307
	88 484	28 682	59 465

Group profit after tax	162 309	114 272	226 761
Deduct:			
Outside interests in subsidiary companies	14 686	4 807	6 084
Group profit after tax attributable to De Beers Consolidated Mines Limited	147 623	109 465	220 677

Preference dividend of R1 per share declared 25th May 1976	795	795	
Second preference dividend of 4 cents per share declared 25th May 1976	113		

Cost of interim dividend of 12.5 cents per share (1975: 8 cents) (See dividend announcement opposite)	44 974	28 550	
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Before extraordinary loss of R 8 032 000.			
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#### Notes:

1. It should not be assumed that the results for the half-year ended 30th June will be repeated in the half-year ending 31st December, since income does not necessarily accrue evenly throughout the year.

2. The results for the half-year are not directly comparable with the corresponding period in 1975 because—

(a) The results of The Diamond Purchasing and Trading Company (Proprietary) Limited which became a subsidiary company with effect from 1st January 1976 are included, whereas only dividends received from that company were included in the previous year.

(b) As a result of the introduction of a "pay-as-you-earn" system of tax collection in South West Africa, the amount required to be provided for South West African taxation in respect of 1975 was less than would otherwise have been the case. This had the effect of reducing the tax charge for the half-year ended 30th June 1975 by R13 348 000, and for the full year by R29 904 000.

#### INTERIM DIVIDEND

Declaration of Dividend No. 113 on the Deferred Shares. An increased interim dividend in respect of the year ending 31st December 1976, being dividend No. 113 of 12.5 cents per share (1975: 8 cents) has been declared payable to the holders of deferred shares registered in the books of the Company at the close of business on 24th September 1976, and to persons presenting coupon No. 57 detached from deferred share warrants to bearer. Shareholders will recall that it was stated in the last annual report that it was intended to reduce the disparity between the interim and final dividends.

A notice regarding payment of dividends on coupon No. 57 detached from share warrants to bearer will be published in the press by the London Secretaries of the Company on or about 17th September 1976.

The deferred share transfer registers and registers of members will be closed from 25th September 1976 to 8th October 1976, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom transfer offices on or about 4th November 1976. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on 26th October 1976 of the rand value of their dividends (less appropriate taxes). Any such shareholders may, however, elect to be paid in South African currency, provided that the request is received at the Company's transfer offices in Johannesburg or the United Kingdom on or before 24th September 1976.

The effective rate of non-resident shareholders' tax is 15 per cent. The dividend is payable subject to conditions which can be inspected at the head office and London office of the Company and also at the Company's transfer offices in Johannesburg and London. For and on behalf of the Board

H. F. OPPENHEIMER, Chairman  
A. WILSON

24th August 1976



Mining



Sorting



Marketing

#### Head Office

36 Stockdale Street, Kimberley, South Africa.

#### London Secretaries

Anglo American Corporation of South Africa Limited, 40 Holborn Viaduct, London EC1P 1AJ

#### Transfer Secretaries

Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg, (P.O. Box 61051, Marshalltown, 2107)  
Charter Consolidated Limited, P.O. Box No. 102, Charter House, Park Street, Ashford, Kent TN24 8EQ

## De Beers Consolidated Mines Limited

(Incorporated in the Republic of South Africa)

Copies of this report will be posted to registered shareholders

### OTHER AMERICAN NEWS

## Canadian plan to control foreign bank operations

BY OUR OWN CORRESPONDENT

FOREIGN BANKS operating in Canada will be brought under the control of Canadian law. It is recommended that foreign banks be permitted to operate in Canada in three ways.

Those that expect to operate on any significant scale will be encouraged to apply for a charter under the Bank Act and any foreign bank making loans and accepting deposits will be required to have a charter.

More limited operations would be permitted through equity investments in non-bank affiliates, regulated either provincially or federally, but such affiliates would have to report on their activities under the Bank Act. Unless specifically authorised, foreign affiliates will not be allowed to borrow in the Canadian market without the guarantee of their foreign parent or an associated company.

The proposed new Act would preclude foreign banks from setting up agencies or branches in Canada. Instead, they would have to form bank subsidiaries or have non-bank affiliates that

are Canadian persons subject only to Canadian law. It is recommended that foreign banks be permitted to operate in Canada in three ways.

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## Carter promise on draft evasion

BY DAVID BELL

MR. JIMMY CARTER to-day told the American Legion convention in Seattle that he still intends to grant blanket pardon for those who evaded the American conscription laws during the Vietnam war.

But, as he has always done, he was quick to point out that a pardon was not the same as an amnesty. "To me there is a difference. Amnesty means what you did was right. A pardon means that what you did—right or wrong—is forgiven."

There are some who have described Mr. Carter's stand as a distinction without very much of a difference, but Mr. Carter said to-day that it is "about the single hardest decision I have had to make during the campaign."

His treatment of the issue is characteristic of the approach that he adopts to all similar matters, such as abortion, which arouses intense and conflicting passions among the electorate. Quite deliberately, he first placates one side (in this case the "draft dodgers" and their supporters) but then placates the other by leaving open the question of whether they were right or wrong. This ability to face in both directions has been criticised, but it may be that it is the only way in which to treat such sensitive issues as the draft.

Mr. Carter said today that it was because of the imperative need to end "the damage, hatred and divisiveness of the Vietnam war" that he had adopted this approach.

The democratic candidate arrived in Seattle from a hard day's campaigning in Los Angeles where he traded jokes with a large number of celebrities gathered to meet him at a cocktail party and unveiled another major theme of the Democratic campaign. Calling Mr. Ford an appointed President, he criticised him for the 55 vetoes that he has

so far signed. This, he said, added up to a record of "political insensitivity, of missed opportunities of constant conflict with the Congress and of national neglect."

Mr. Ford's policies, what few there were of them, were tantamount to being "morally, politically and intellectually bankrupt."

Mr. Carter also sought to defuse the Republican argument that he is dangerously inexperienced and cannot be trusted in the White House. He said that as Governor of Georgia he had had to wrestle with all the federal programmes which are left to states and other local authorities to administer. This had been excellent training for the problems ahead.

## Oil shale project delayed

BY OUR NEW YORK STAFF

NEW YORK, August 24.

THE U.S. Government's ill-fated oil shale project, which began with such high hopes two years ago, appears to have come to a virtual standstill.

At the request of the participating oil companies, the Department of the Interior has suspended development of two oil shale sites in Colorado for one year, and may permit a similar suspension of operations at two other tracts in Utah.

The Government insists that the suspension does not mean the end of the project. It is, however, only the latest of a series of delays which have dogged the project since its inception in January, 1974. The oil companies blame environmentalists and a steady stream of legal and technical problems.

All this has made the Government's estimate of 100,000 barrels a day by 1980 for the two Colorado sites alone seem an unrealistic goal.

## Caribbean development loans

BRIDGETOWN, August 24.

THE CARIBBEAN Development Bank's Board of directors meeting here has conditionally approved loans to three Caribbean countries totalling \$3.6m.

Some \$2.1m. goes to the Barbados Marketing Corporation to finance the relocation of its marketing operation and its proposed expansion programme.

St. Kitts gets two loans of \$189,730 to the Development Finance Corporation for the provision of factory space and equipment for the import of manufacturing equipment for manufacturing footwear for local and export markets.

St. Vincent gets loans of \$611,481 to the Development Corporation for the construction of five factory buildings at Camden Park, Arncliffe and Bequa, \$185,185 to the St. Vincent Government for lending to investors in industry.

The Board also empowered the President to sign a co-operation agreement with the Caribbean secretariat under which the two bodies and other regional institutions would pool resources to develop an integrated communications programme in member countries.

AP-DJ

## Housing starts rise 23%

United States housing starts rose 23 per cent in the second quarter of 1976, according to the F. W. Dodge division of McGraw-Hill, Reuter reports from New York. The second quarter figure, seasonally adjusted, at an annual rate of 2.2m, was unchanged from the first quarter rate, the company said.

Investment increase. Foreign direct investment in U.S. rose \$4.3bn. last year, \$28.7bn. The Commerce Department said yesterday, an annual rate of 2.2m, was unchanged from the first quarter rate, the company said.

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Investment increase. Foreign direct investment in U.S. rose \$4.3bn. last year



# HOME NEWS

## Callaghan faces Scottish evolution and job queries

RAY PERMAN, SCOTTISH CORRESPONDENT

MR. CALLAGHAN, who in Glasgow last night for the first time since he visited Scotland in 1974, Prime Minister, is likely to face strong criticism from the Labour movement over the Government's policy of unemployment and industrial change.

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## Scott Lithgow new contract could ensure 500 jobs

OUR SHIPPING CORRESPONDENT

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## Postgraduate study action refused

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

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## BRITAIN'S NEW WATER 'SUPREMO'

## In the deep end

BY RICHARD EVANS, LOBBY EDITOR



Mr. Denis Howell: A thirsty job.

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## Open University staff 'work in shanty town'

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## Mechanical engineering orders begin to pick up

BY OUR INDUSTRIAL STAFF

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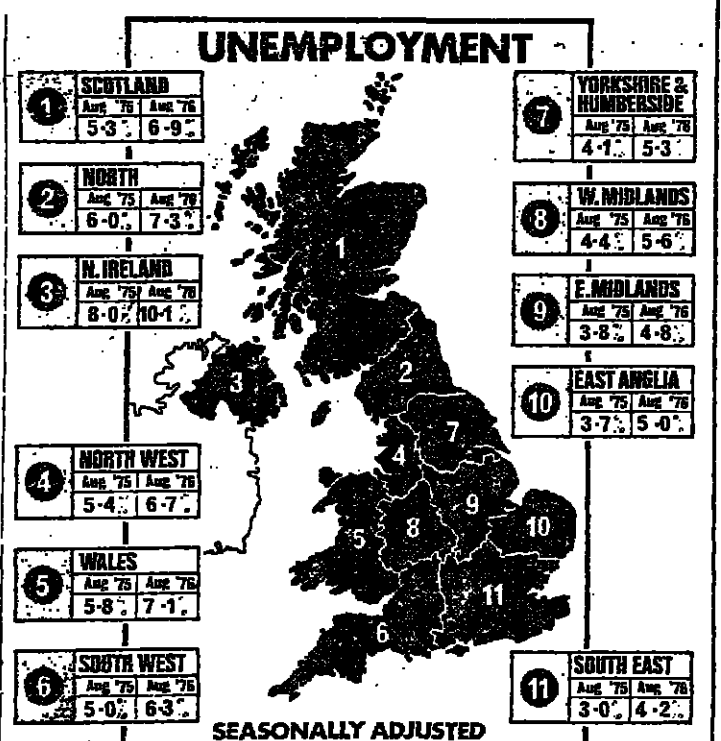
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## Interest rates 'to stay high'

TER RIDDELL, ECONOMICS CORRESPONDENT

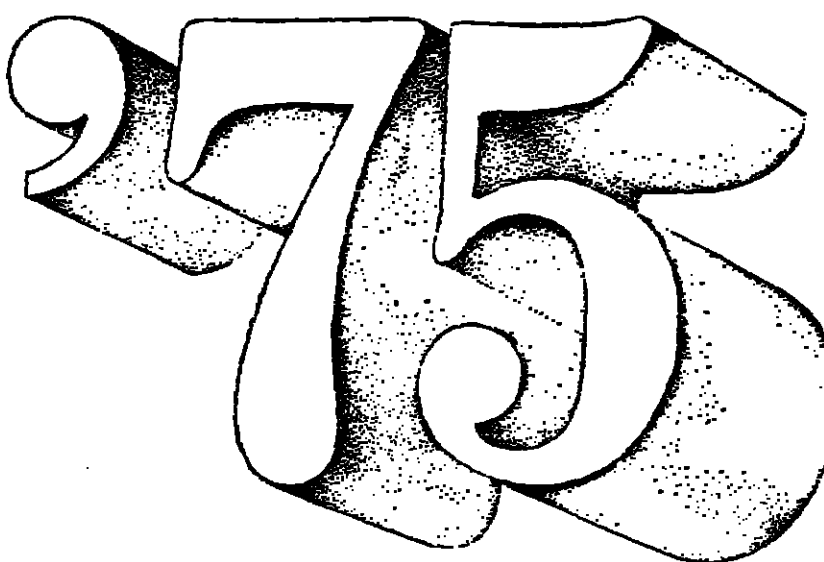
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SHORT-TERM INTEREST RATES AT AUGUST 16, 1976			
Bank Rate	Overdrafts %	Loans %	Commercial & Finance Papers %
9.50	10.45 plus commission of 1/20% a month on highest debit balance in month. 10.20 minimum rate "Credit mobilisable"	10.20 min. for corporate borrowers	Commercial bills 90 days, 10.20 Finance 10.20
3.50	7.75 to 8.50, sometimes reduced for first class borrowers	7.25 to 7.75	Commercial bills, 7.25 to 7.25
12	21	—	Commercial bills to 180 days, 20 to 50
2	7.50 to 8 unsecured 7 to 7.50 secured	6.25	Commercial bills to 90 days, 4.50
11.50	11.50 to 16.50	11.50 to 16.50	Commercial bills, Bank 3 months: 10.97 to 11. Trade up to 180 days: 11.50

# Vertrauensbilanz Balance of Confidence



Auch 1975 ist die Norddeutsche Landesbank ihrem öffentlichen Auftrag nachgekommen, die Entwicklung der regionalen Wirtschaft mitzutragen und zu fördern sowie die niedersächsischen Sparkassen bei ihrer Geschäftstätigkeit zu unterstützen.

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Nord LB - Bilanz kurzgefasst:			
Aktiva	Bilanz zum 31.12.1975 in Mio DM	Passiva	
Barreserve	547	Verbindlichkeiten gegenüber Kreditinstituten	6.275
Wechsel	202	Verbindlichkeiten gegenüber Kunden	3.513
Forderungen an Kreditinstitute	6.038	Spareinlagen	2.401
Forderungen an Kunden	17.230	Begebene Schuldverschreibungen	13.715
Wertpapiere	1.952	Durchlaufende Kredite	1.015
Durchlaufende Kredite	1.015	Eigene Mittel	765
Beteiligungen	432	Landes-Bausparkasse	3.096
Landes-Bausparkasse	3.193	Sonstige Aktivposten	1.013
Sonstige Aktivposten	1.188		
Summe der Aktiva	31.797	Summe der Passiva	31.797
Konzernbilanz	35.926	Gesamtaktivitäten	rd. 40.000

Nord LB - summary of balance sheet			
assets	balance sheet at 31.12.1975 in million DM	liabilities	
cash reserve	547	liabilities to banks	6.279
bills	202	liabilities to customers	3.513
claims on banks	6.038	savings deposits	2.401
claims on customers	17.230	bonds issued	3.715
securities	1.952		
loans on trust basis	1.015	loans on trust basis	1.015
holdings	432	capital and reserves	765
regional building (Landes-Bausparkasse)	3.193	regional building society (Landes-Bausparkasse)	3.096
other assets	1.188	other liabilities	1.013
total assets	31.797	total liabilities	31.797
group balance sheet	35.926	total volumes of business	40.000

Die ungekürzte Bilanz sowie die Gewinn- und Verlustrechnung, die die uneingeschränkten Bestätigungsmittel tragen, werden im Bundesanzeiger veröffentlicht.

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**Norddeutsche Landesbank**  
Girozentrale  
Hannover - Braunschweig







# The Management Page

EDITED BY JOHN ELLIOTT

With Lewis reports the troubled financial history of a company's expansionary craze

## Lyons faces up to its debts

**GROWTH** via acquisition and diversification was in numerous companies a temptation to their management. But at Lyons, it was a painful experience or a cause for celebration. However, if the company is to survive, it must face the fact that the value of its assets is falling as well as the value of its liabilities. The trouble is that Lyons' borrowings exceed the value of its assets at the moment by £17m and there is a stage at which the level of borrowing, if it fell much further, could become critical. The Board should eliminate that imbalance by the end of the current financial year.

Portified by hindsight, it is easy to judge that Lyons has made more than its fair share of errors, a fact that the Board is first to admit. But there was a time when the Board members were roundly applauded for their initiatives and events could so easily have gone the other way.

Lyons' first expansionary efforts, which began in 1967, were mainly confined to making internal economies and cutting out losses. The old, traditional tea shop business which may well not have been making a true profit since before 1940, had been steadily reduced, mostly by natural wastage.

But the first major decision actually to change the face of Lyons was taken in 1971 when the Board made up its mind to "go international". This was based on the belief that Britain would join the Common Market and that, if it was not to lag behind its prospective European competitors, Lyons had to take some advance action. The second part of this line of thinking was that Lyons wanted to acquire Tetley's tea bag business in the U.K. which meant it

must also buy the Tetley business in the U.S. Once that had been completed, the Board was "psychologically committed" internationally.

As an illustration of the banking climate at the time, Mr. Neil Salmon, managing director of Lyons, remembers that on the day the group announced that it was to buy



Neil Salmon, Managing Director, J. Lyons and Co.

Homburg, a Dutch meat processor, for £8m. Five institutions contacted Lyons by the afternoon asking if they could lend it the money.

At first Lyons expansion was financed to a large extent from within. But then borrowings began to mount as the bankers eagerly pushed money forward. In the year ending March, 1973, debt rose from £32m to £91m. It has been mounting ever since.

One of the biggest financial mistakes Lyons made was the way it channelled its interest. It was assumed, quite understandably, that the strong U.K. earnings growth would con-

tinue. The group had achieved a compound earnings growth of 25 per cent. for five consecutive years. It was also expected that while there could be problems with its overseas acquisitions, these could be happily absorbed by the strong U.K. business. On this premise, it was decided to borrow Euro currencies to support the development plans with interest payable in the U.K.

Events could not have turned out much worse. The U.K. plunged into recession and some of the most successful U.K. profits dried up. Spendable incomes dropped and the tourist trade withered as other countries entered their own recessions. Price controls were imposed and inflation rocketed. The overseas borrowings, which at one time looked quite shrewd, turned into a nightmare because most of the cash was lent when a pound sterling was worth around \$2.18. For a time, when sterling improved to \$2.40, the borrowings seemed almost a touch of genius. But then the level plummeted to \$1.75 and vastly increased the burden of the debt.

Profits from property development in the U.K. which had been running at over £3m a year, began to disappear. In 1974, when the U.K. was down to £300,000, the group was given support to the U.K. This was particularly true last year when U.K. profits dropped from £12.2m to £10.4m, while the overseas contributions rose from £12.8m to £16.7m. Within the overseas figures the U.S. did well mainly because of the success of Baskins-Robbins, an ice cream firm bought by Lyons for £16m at the end of 1973.

Lyons had also spent heavily in the U.K. as well as buying overseas. For example, it had taken the costly decision to relocate the company's cake manufacturing business from Cadby Hall itself in West London, to Carlton. It had also expanded its hotel business and ordered the building of the Tower Hotel, near the Tower of London, and two Albany hotels in Glasgow and Havana.

It was realised early on that the tourist business was on the wane, but the projects were too large to stop. As Mr. Salmon explains, it would have been more expensive to try to achieve



WHEN A LARGE U.K. organisation registers in its annual report that it "views with disquiet" some new legislation proposed by the EEC Commission in Brussels, it is safe to assume that the proposals have caused some anguish. This is certainly so with the Eurocrats' ideas for reducing sulphur emissions from the burning of fuel oil.

As the Central Electricity Generating Board pointed out in its annual report recently, the logical extension of the draft EEC directive would be to restrict sulphur emissions from the burning of coal to a similar extent. Then Britain would be faced with a "vast and unnecessary" expenditure, which could amount to £2bn. for the electricity industry alone.

But not only those industries which burn coal and oil would be affected, for the capital and operating costs of the necessary desulphurising equipment would add about 25 per cent. to everyone's electricity bill.

The problem arises because, as Britain sees it, U.K. emission control legislation is based on more sophisticated principles than those of other nations in the EEC. These tend to follow U.S. practice in trying to set absolute limits to the amount of any given noxious agent that might be released from an industrial activity. U.K. law, in contrast, holds that what matters is not the quantity of pollutant that goes up the chimney but the quality of the environment in which we live.

Perhaps the most obvious difference in approach—apart from the fact that Britain would claim that its air is cleaner than that of comparable industrial countries—lies in the targets. Whereas U.S. practice strikes especially at big business and large-scale industrial activities, such as power stations, the British approach is to go for the small but proliferating polluter. It points to the success of the Clean Air Act of 1956 and its resultant elimination of the myriad open fires and small-scale coal burners; and in a similar success in restoring U.K. rivers.

U.K. industry and the Government's regulatory bodies are

## Harmonisation in clean air

BY DAVID FISHLOCK

in close agreement on the method used by the British, usually summed up as "best practical means". Britain's approach has been vigorously challenged by some ecologists as affording industry too much freedom of action, but has recently received the blessing of no less critical a body than the Royal Commission on Environmental Pollution. As Mr. John Clarke, who takes care of environmental matters for the CEBG, points out, it is really a very severe standard—there's no point in going for impractical means and it calls for the best.

The CEBG has a major interest in air pollution legislation. It burns about one-third of the residual fuel oil and half of the coal burnt in Britain, and its power stations emit nearly half of the sulphur dioxide Britain discharges. It is no surprise, therefore, to find the utility which accounts for about four-fifths of the U.K.'s centrally generated electricity acting as spokesman for industry in matters of emissions—for example, in CBI circles.

## Little smoke

But Mr. Clarke contends that the electricity industry emits very little smoke. The reason is simply a matter of economics. Smoke represents an inefficiency in the burning of fuel that has staggering financial consequences when an organisation spends £1.46bn. on fuel (as the CEBG did last year).

The U.K. electricity industry has also pioneered the tall-stack policy which minimises the impact of power station emissions on the environment. Modern U.K. power stations have stacks 600-800 feet high—a new one in London might be even higher—but the thermal buoyancy of the hot gases surging up such a stack sweeps them "like bubbles in a champagne glass," to quote Mr. Clarke, up to 1,500-2,000 feet. At this level they are beyond reach of the earth's boundary layer of air and cannot, the CEBG contends, be sucked back to ground level except in a highly diluted and innocuous form.

The price of the tall stack is high—£2m-£3m. for a stack that will serve all four units of a 2,000 MW power station—but in terms of aesthetics as well as efficient fume dispersal the CEBG believes it has the right answer.

As a result, the utility is convinced that it has found a cheaper and more efficient solution to the problem of its emissions than flue gas scrubbers, the advent of which is viewed with much disquiet by the U.S. electricity industry, and which would be required in EEC countries if its proposed new legislation is enacted. What is more, the CEBG speaks from long experience of limestone scrubbers—it first fitted them to Battersea Power Station in London in 1930.

Will Britain be able to persuade Brussels to reword its directive in such a way that it leaves each individual country to achieve the stipulated environmental standard in its own way? It is handicapped by having a philosophical difference to the problem that differs from the rest of the Nine. Also, there are those nations—the Dutch and the Danes, for example—which say that the proposed EEC legislation is not tough enough. On the other hand, at the Council of Ministers' meeting last year the U.K. persuaded its partners to accept, albeit reluctantly, the same philosophy of "best practical means" in the case of effluent discharges.

A crucial factor now could be the final version of a report, expected around the end of the year, of an Organisation for Economic Co-operation and Development-sponsored exercise in north-west Europe, which tries to trace the ultimate fate of discharges from tall chimneys. For years the Scandinavians have alleged that Britain and West Germany were simply exporting their sulphur dioxide emissions. The CEBG hopes that the final report will refute these charges.

The report acknowledges that Norway, especially, does seem to suffer from sulphur dioxide, but claims that the exercise has failed to show that any nation in north-west Europe can be held responsible. The prime source, believes Mr. Clarke, could be East Europe which did not participate in the exercise.

## What to sell

the Board has arrived at a stage where it must decide whether it will sell in order to rectify the problem of outsiders' pressure to buy the best parts. Borrowings problem is that even a one percentage shift in interest rates can have a significant impact on its bill, which was £19m. By way of illustration, a point rise on an average of 10 per cent. would mean an increase in trading

## BUSINESS PROBLEM

## BY OUR LEGAL STAFF

### business tenancy

lease expires how much more rent will the landlords be able to charge?

It seems that your tenancy is a business tenancy and is governed by the Landlord and Tenant Act 1954, Part II; not by the Rent Acts. In that case you will be entitled to renew your tenancy for a period of not more than 14 years, by application to the

County Court made in response to a statutory notice to terminate your lease served by your landlord. The new rent would be the then market rack rent.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

# The Technical Page

ED BY ARTHUR BENNETT AND TED SCHOETERS

## SECURITY

### Alarms cannot get near

**AMPLER** microwave intruder that will detect any movement within 30 feet horizontal plane and 15 feet above or below has been the market by Communi- of 28, Shallock Road, Oak, Canterbury, Kent, QH (0237 710231).

uses a rather lower frequency (2.45 GHz) than is usual in these kinds of systems, employing movement detection to trace through brick walls and building materials not forming metal. The company states that it has obtained an indirect characteristic by dispensing with the "dual waveguide" claimed that if the box is in the centre of a room or other premises, no metal partitions it be virtually impossible to climb from any direction setting off the self-siren, which can be 250 yards away in the complete system is contained within a single veneered casing 18 x 12 x 6 inches; weight is 19 lb including a battery able to operate for six months. There is no independence from the mains and no installation work of any kind.

A number of delay periods can be selected on the front panel. The sensitivity to be set without constant alarm activation. Other delays allow the user to leave the premises without being "detected". The cabinet itself can be hidden in any affecting its performance. If desired, a self-powered remote siren can be supplied: cutting or shorting the wires to this will cause both sirens to sound.

Two models are available, the CR201 which has directional detection to 60 feet over a 60 degree arc. The latter would allow, say pedestrians or vehicles to pass behind the detection zone without raising the alarm. The price of either model is £270 including VAT.

A device with a very similar purpose but making use of ultrasonics rather than microwaves has been put on the market by Leotecas Sonics Alarms, Princes House, Winsley Street, London (01-580 2335).

The application of this system, states the company, is the temporary protection of a room where valuables are being stored overnight and a permanent alarm installation is not justifiable.

It also battery operated and has a self-contained alarm siren. However, it cannot be expected to penetrate solid structures and would normally work only within one enclosed space. Price of the unit is £180 plus VAT.

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## Water-based adhesive is safer

**EXPLOSIVE FUMES** emitted by the petroleum-based solvents on which most contact adhesives are based constitute a potential household safety hazard.

Called UniTak, a water-based contact adhesive which is non-explosive, non-flammable, clean and odourless, has been introduced by Unibond, Tuscan Way, Industrial Estate, Camberley, Surrey GU15 3DD (0276 83135).

It is a thixotropic material, similar in appearance to white emulsion paint, and can be applied by brush, paint pad or roller. It does not form the usual rubbery "cobwebs" or "string". Both of the surfaces to be bonded are coated with UniTak, and the coatings change from white to transparent when they dry, indicating they are ready to be bonded, and eliminating guesswork.

Coatings dry in 10 to 20 minutes in normal room temperatures, but bonding need not be carried out for up to 40 minutes after drying occurs. A permanent bond is formed as soon as the surfaces are joined. In addition to the usual materials that are bonded with contact adhesives, the new product can be used with solvent sensitive materials such as polystyrene tiles.

Applicators, such as a brush, can be washed out under a tap, while surplus adhesive or splashes can be mopped up with a damp cloth—the adhesive is easily washed from the hands. No solvent-based cleaning fluid, creating a further hazard, is required.

One litre (£3.24) covers up to 15 square metres (compared with 2.5 litres using conventional contact adhesive). UniTak is also available in tubes and 4 litre cans (£4p and £1.08).

## INSTRUMENTS

### Takes a look inside

**INTERNAL** inspection of large batches of small hollow components can be carried out with a version of the Uniscop "flex-endoscope" endoscope made by Speciflex.

Items such as hydraulic master cylinders and other small tubular parts can be quickly and positively positioned on a powered turntable. A keyed jig positions the work on the turntable, always in the same relative position, and the tip of the endoscope comes up through the central hole.

Electrical controls give the turntable start-stop rotation and variable speed to suit the inspection in hand, and there is a degree scale for logging the position of any defects observed.

Unlike the rigid endoscope often used for this purpose, the new tool can be adjusted for each inspection and gives a relaxed position with the minimum of component handling. The intrinsic flexibility of the probe also means it is less susceptible to damage. More from 1A Jennings Building, Thames Avenue, Windsor, Berks (Windsor 64456).

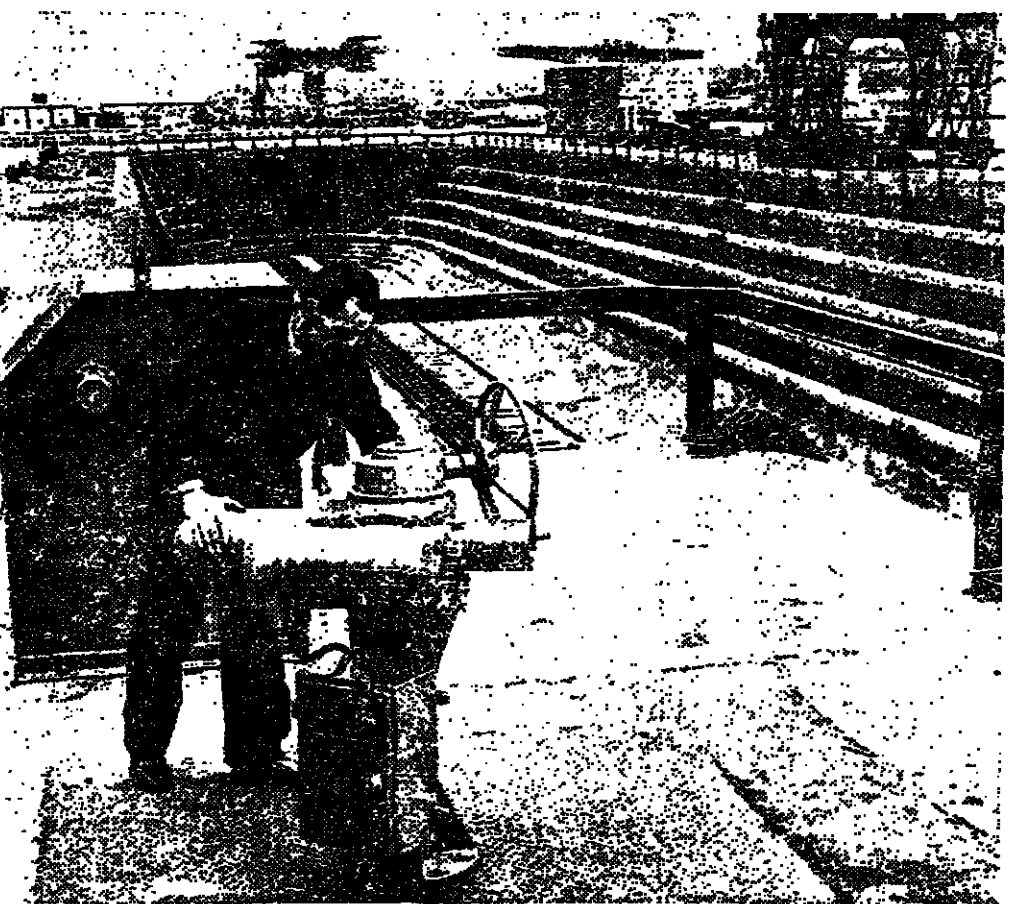
## Ultrasonics on the Avon

**WESSEX** Water Authority is pushing ahead faster than planned with the installation of one of the Harwell ultrasonic flow gauges on the Avon at Bath, in view of the current drought.

Instead of using a calibrated weir—normal practice in the past—the system makes use of a pair of ultrasonic transmitters and receivers and a depth gauge. It has the advantage of working equally well in full flow, normal and drought conditions and of offering no obstruction to navigation.

Pulses of energy are sent in both directions along a diagonal path across the river; because the medium is moving there is a difference in transmission time between upstream and downstream pulses which is a direct measure of the velocity of the river. This can be converted to volume flow if the profile of the river bed and the depth of water are known.

The former is accurately determined before the installation is made and the latter is



Part of the recent modernisation of the 95-year-old No. 4 dry dock at Southampton included the motorisation of the two equally old pestlock flooding valves. In the foreground is one of the Synorapak valve actuators now being used. The actuators, together with special shafting and a double universal joint to operate the valve stem

through a "dog-leg" connection, was supplied by the Retrofit Division of Rotork Controls, of Bath, Avon. Previously the valves were operated manually by a "T" bar and it took up to six men a considerable time to open or close them fully. The actuators now carry out the operation in about three minutes.

## RADIO

### Four-way FM sound prospects

**GIVEN** the present economic circumstances, any move by the BBC to introduce quadraphonic broadcasting that might degrade existing stereophony (which some parts of the country do not even have yet) could hardly be popular.

The BBC has not been too happy with existing systems for quadraphonic broadcasting: those that have good compatibility (that is, produce no degradation of sound for those receiving the normal stereo, over which quadraphony will be "laid") have been found to produce an inferior quadraphonic effect, while those giving good quadraphony have yielded poor compatibility.

Now, the BBC says it has the answer with a new system it has developed called Matrix H. The technique has apparently already been used on a recent promotional concert broadcast and a panel of experts found it to be good.

## SERVICES

### Tapes come faster

**3M** SAYS that to cut down delays in delivering magnetic media to minicomputer users, it has inaugurated a mail-order service.

Large stocks of fully guaranteed Scotch 833A digital cassettes and the DC200A and DC100A data cartridges are being held by 3M's customer service department at the company's head office, Wigmore Street, London W1A 1ET (01-486 5522).

## HEATING

### Fuel costs reduced

**ROME** heating fuel oil bills could be reduced by 10 per cent. It is suggested through the use of what is said to be a new type of nozzle for oil burners.

Improved efficiency is stated to be achieved by a swirling motion imparted by the nozzle to the fuel-air mixture, improving the diffusion of the oil particles through the air and almost evaporating them prior to combustion. Less cleaning is needed.

The nozzle is being patented by Canadian Patents and Developments and a number of prospective licensees are evaluating it. More information is available from the Department of Energy, Ottawa, KIA 0E6, Canada.

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## TRANSPORT

### Container hoist lifts 15 tons

**TWO** NEW products will be featured by Telehoist at the Commercial Motor Show (Earls Court, September 24-October 2)—the biggest container-handling system the company has made, and an automatic, electronically timed greasing system for vehicle chassis.

Taking a maximum load of 15 tons, the HT-200 Load Lifter hoists containers up to 40 cubic yards capacity. A double-arm system gives vertical and lateral movement to the container, and offers greater manoeuvrability than the "up-and-over" type. The hoist is 32 ft wide. Internal dimensions of the standard containers are 19 ft 6 in. x 8 ft 6 in. x 8 ft 6 in., but the equipment can handle almost any other make of container designed for self-loading.

By using a cable with one end anchored to the chassis and the other to the lip of the smaller containers, loads can be discharged into a larger container, another vehicle or a rail truck.

The company expects the equipment to go to local authorities operating high-volume waste clearance schemes on a split pricing basis, but because it can handle almost any container it will be of interest to waste and scrap operators.

Air operated and working with a 25V d.c. electrical system, Greasefix will also be introduced by the company. It delivers metered shots of grease at 100-120 p.s.i., at up to 150 chassis lubrication points in a pressure phase cycle of 90 seconds.

The grease has been specially developed by two leading oil companies. Supplied in a screw-on disposable two-pint canister, it is enclosed in a rubber sac to prevent ingress of dirt and air. Deliveries to the greasing points can be 0.003 or 0.001 cubic inch, and the electronic timing memory provides regular greasing shots based on the length of time the vehicle's ignition is on. A warning light indicates the need for grease canister replacement. The company says a six-wheeler on typical commercial work should need only two such canisters a year.

Telehoist is at Cheltenham, Glos., GL51 9SH (0242 21355).



## THE FINANCIAL TIMES

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Head Office Editorial & Advertising Offices  
BRACKEN HOUSE, CANNON STREET, LONDON EC4A 3DF  
Telephone Day & Night: 01-248 8000. Telegrams: Finatime, London  
Telex: 882341/2, 882387

For Share Index and Business News Summary Ring: 01-246 8026

Branches: **London**, 10 Abchurch Lane, EC4A 3DF, Tel: 01-248 8000  
**Birmingham**, 100 Colmore Row, B3 2AP, Tel: 01-248 8000  
**Edinburgh**, 100 George Street, EH2 2JF, Tel: 01-248 8000  
**Glasgow**, 100 George Street, EH2 2JF, Tel: 01-248 8000  
**Manchester**, 100 Market Street, M1 1PQ, Tel: 01-248 8000  
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WEDNESDAY, AUGUST 25, 1976

## Unemployment up again

THE OBVIOUSLY newsworthy fact about the unemployment figures for mid-August is the crude total for the U.K. has now passed 1.1m. and accounts for 6.4 per cent of the labour force. This, of course, exaggerates the position to some extent, but the seasonally adjusted figure, excluding school-leavers, is still 1.0m. or 5.6 per cent of the labour force. The Department of Employment, after reviewing different methods of measuring unemployment in different countries, recently came to the conclusion that unemployment in this country, even some months ago, was higher in percentage terms than in Germany, France or Italy. The relative position has probably worsened rather than improved.

That said, it must be added at once that the figures for mid-August are not nearly so bad as in the previous month. In mid-July, the underlying level of unemployment, which since the spring had been rising at a rate of only about 5,000 a month, suddenly jumped up by 38,000; the rise in the subsequent month was back to 14,000. The seasonally-adjusted figures for unfilled vacancies, too, are more encouraging, with a net rise of 10,000 against an average of only just over 1,000 in the previous months of the year. The increase in the number of vacancies looks even more marked and consistent if one considers the gross number registered each month.

## Explanations

Some tentative explanations can be found for the recent behaviour of the unemployment level. The fact that it has risen much more sharply in the past two months taken together than in the four preceding months is probably due in part to the legislation which came into force in March making it compulsory to give advance notice of redundancies: the number of notified redundancies has in fact risen over the past couple of months. The fact that the August figure is so much better than the July figure, on the other hand, may be partly due to the fact that the latter included a large number of adult students who had completed their course but had not yet found employment.

Three other features of the latest figures are worth com-

## How not to take the drought seriously

IT IS HARD to see quite what the Government expects the public to make of yesterday's decision to make Mr. Denis Howell the Minister with special co-ordinating responsibilities for the drought. Although water supply has been one of Mr. Howell's Ministerial responsibilities since the 1960s, it is not one which he has been particularly successful in dealing with. He was appointed to the Department of the Environment as a Minister of State more than two years ago, the Ministerial name which lately has come to be identified as in charge of the Government's response to the deteriorating water situation has been that of Mr. John Silkin, the Minister for Planning and Local Government, in the same Department.

Mr. Silkin is in the Cabinet whereas Mr. Howell is not. The official explanation yesterday was that Cabinet Ministers like Mr. Silkin have too many other matters on their hands to be able to concentrate on the day-to-day co-ordination of drought measures whereas Mr. Howell—who is presumably rather less heavily employed now that the Olympics are over—is much better placed to give the water situation his single-minded attention.

## Potential

This will just not do. The potential seriousness of the situation has been gradually dawning on everyone as the drought has become more protracted. If the point has now been reached where emergency action involving several Government departments appears to be called for then the role of Ministerial co-ordinator requires someone carrying far heavier political guns than a relatively junior Minister like Mr. Howell. If that point has not yet been reached and this still seems to be the position then the public are not likely to respond very kindly to the news that

## Next year

Unemployment was expected to go on rising for some months to come. The first result of an improvement in business activity is likely to show itself in increased overtime working and the estimates of short-time working (which are admittedly distorted by the inclusion of "temporarily stopped" workers) do in fact show a decrease. The official forecast is that the underlying level of unemployment will level out and perhaps begin to fall before the end of the year. Even if this forecast is justified by events, the gross level of unemployment may move considerably higher this winter.

The real question, however, to which it is difficult at present to give any convincing answer, is how fast unemployment falls next year from a post-war peak to a more acceptable level. It will be remembered that at a recent meeting of the NEDC the Chancellor presented two scenarios about the future. The first, based on the past performance of the economy, left unemployment remaining at a high level; the second, which brought it down much further, required a much greater improvement in efficiency than past experience alone would make seem likely. Everyone voted, of course, for the second scenario: but voting for it and achieving it are two very different things.



David Fishlock examines devices to allow Britain's factories to re-cycle the water they use.

## Ways industry can beat the drought

WHETHER OR not it makes good advertising sense to borrow the crisp "Save it" slogan from the Government's energy conservation campaign, there can be little doubt how closely the threatened water shortage parallels the U.K.'s energy worries during the days when it still rained. The chief difference is that a national water conservation campaign would not have to overcome the effects of long promotion of the use of water. However, this was scarcely necessary when we were all brought up to believe that generous application of the "universal solvent" was a good thing.

A water conservation campaign, however, would have to tackle widespread profligacy in water usage. It would also have to face the fact that some industries—textiles, for example—owe their origins in particular places to once-abundant supplies of water.

For industry, threatened with the possibility of a reduced working week, arguments over environmental objections and build more reservoirs, or to overcome electricity industry objections and use waste heat for desalination, are quite irrelevant now. What it takes are measures that can be taken quickly—and preferably inexpensively—that will keep the factories running.

Most of the proposals that have been drawing the headlines can be quickly dismissed: rainmaking (no clouds), desalination (takes too long to build plants), water by tanker (too costly) and boreholes (depends whether a factory has any water to tap and on its quality).

## The cost can be offset

The message from the handful of water experts, whose calls for conservation have so long gone unheeded, is optimistic. There is a great deal that industry can do—and do quickly—to help itself use less water. What is more, a little foresight in accounting will show that the cost can be offset not only against the risk of losses if the working week is curtailed, but against a water rate that will surely take a further leap upwards next year, to pay for increased capital spending and, if it goes on much longer, for the cost of administering measures against the drought.

One of the most valuable reservoirs of advice is the industrial research associations, some of which—especially those concerned with textiles—have been taking a strong interest in water conservation measures for several years. The leading light in this area is Dr. Jack

Leicester, who as the ebullient director of the British Launderers' Research Association, set up the Effluent and Water Advisory Committee (EWAC). To-day EWAC includes about 18 research associations, several Government departments, the CBI and the U.K. Atomic Energy Authority.

Dr. Leicester, to-day an industrial consultant and EWAC's chairman, admits that he failed to persuade many laundries of the value of his novel continuous processing technology with its built-in facilities for minimising the demand for water. But he is convinced, none the less, that even the two-thirds of the industry still using batch-processing methods could, for a small outlay on tanks, pumps and pipework, re-use the almost clean final rinse water at the start of the laundering process.

In laundering, this "counter-flow" use of water can reduce the water demand by more than half, claims Dr. Leicester. Still more to the point, it is a measure many disparate industries can use—textiles, metal finishing, food processing, for example. Each would have to tailor the counterflow principle to its own requirements, which may include disinfection (for food) or storage. But the main points are that it requires little more than the skills of a plumber to install, and can make an immediate reduction in fresh water demand.

Technically feasible. Again, a particular contaminant may produce its own corrosion or fouling problem. A company making cement products has recently asked the advice of the Water Research Centre on the re-use of water squeezed from its newly-moulded products by hydraulic presses, where there is a risk that oil from the press could adversely affect the products' properties.

The Water Research Centre is one pool of U.K. advice of many years' experience in permutating water technologies. A national laboratory supported mainly by Government grants and the Area Water Authorities, the centre spends about £5m. a year, split between water supplies and water reclamation. It admits that, although it is technically feasible to purify almost any kind of waste water to-day, using one or more processes that can now be considered well proven, cost is, or has been, a serious deterrent. Individually, the processes may treat water at a cost no greater than (and even below) that demanded by the Water Authorities. But if the water has to be put through two or three stages to achieve the desired purity, this can put the price out of court.

Reverse osmosis provides a good example. The technology of reverse osmosis has been brought to an advanced stage of development in the U.K. by a long standing partnership between Paterson Candy International and the Harwell laboratory of the U.K. Atomic Energy Authority. In essence, the idea is to pump water through a thin plastic membrane, so contrived that it affords almost complete separation of water from everything in solution. It can yield a product

almost as pure as distilled water can be run through the rig, yielding the basic data about its particular idiosyncrasies, from which an appropriate water reprocessing plant can be designed. Even in normal times, they contend, such plant can pay for itself from reduced water rates and the value of the solids recovered.

On the other hand, reverse osmosis cannot cope with more than fairly low levels of contamination. A mine water or sewage may need a preliminary cleansing operation by crude methods of filtration. Moreover, if the final product must also be drinkable or is to be used with food processing, a further stage of sterilisation will also be needed. The outcome can easily be a water cost several times the going rate, for water of a quality higher than is really necessary.

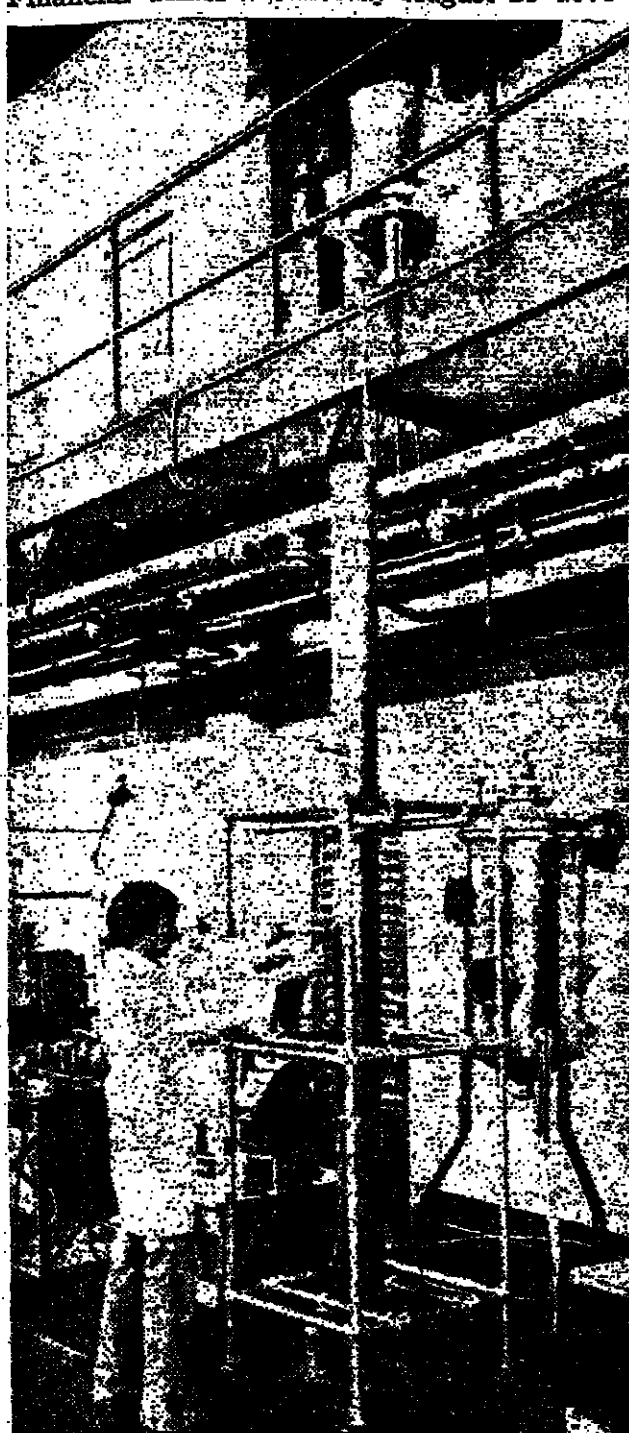
ICI is the first major industrial user of reprocessed sewage as a water supply in the U.K., at its Avonmouth operations. The company has a subsidiary, ICI Pollution Control Systems in Cheshire, marketing technology for the treatment of dirty water. Quite independently, however, its Brixham Laboratory in Devon provides a consultancy service for all divisions of the company and also for other companies on water problems.

Similarly Harwell, the U.K. Atomic Energy Authority's big laboratory in Berkshire, works closely with EWAC. Dr. Leicester's industrial advisory committee, to provide advice based partly on its experience as a major and highly sophisticated industrial water consumer. The laboratory normally takes 1m. gallons a day from the Thames and purifies it to potable quality. It also carries out its own studies of advanced water treatment technology. One problem Harwell anticipates once the rain starts to fall again is a high nitrate content, deriving from both natural and artificial sources, flushed out of the parched soil, which its present water technology will not extract. Therefore it plans, with the permission of the Thames Water Authority, to use boreholes adjoining the laboratory.

In the 1960s the U.K. AEA managed a major Government-sponsored development effort to develop a range of new water treatment technology, aimed chiefly at helping industry to open new export markets for desalinating sea water for arid nations. The programme worked closely with such U.K. companies as Simon Carves, Aiton, and Paterson Candy International.

## Insurance policy

Since the escalating chemical plant and fuel costs have militated against most of the processes under investigation, at least in a U.K. context. For instance, no matter how cleverly you design a flash distillation



Food industry scientists are inviting manufacturers to test their ideas for purifying waste waters on a apparatus at the Food Research Association at Leatherhead.

process, the fuel costs alone can add up to £1.60 per 1,000 gallons—much more than fresh water costs in Britain to-day.

Britain has but one commercial flash distillation plant purifying sea water, the 1.5m. gallons per day flash evaporator built by Weir-Westgarth in Jersey, where it has been operating very successfully since summer 1970. On an island that lacks natural conditions for water storage, the plant is an insurance policy against the risk of losing either tomatoes or tourists in summer.

Mr. R. G. Cole, a partner in the firm of consulting engineers for this plant, recently stated the case against building more of these plants in Britain. Plant costs have more than tripled, and fuel oil costs have quadrupled since the plant was commissioned. He estimates that the water cost would average about £3.50 per 1,000 gallons for a continuous output, and could easily double—owing to high maintenance necessitated by corrosion—if the plant were operated only intermittently, as is the Jersey plant.

In any event, big desalination plants would take 18-24 months to build and thus could offer no short-term solution. Even small plants, of a size that might interest individual companies, would take six months to construct, and the housekeeping, a readiness to run into serious capacity problems with such components as salt-resistant that can husband water sup-

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## MEN AND MATTERS

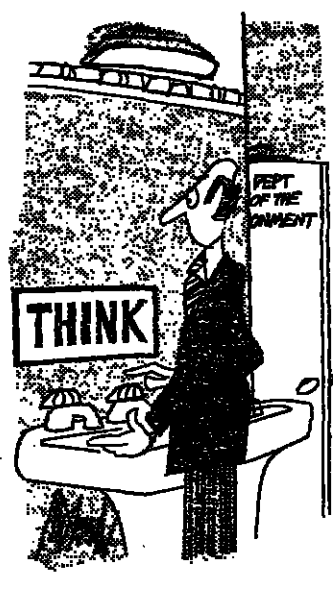
## Haydon volunteers for Dublin

"I'm not scared to go to Ireland. I have always been interested in the country and shortly after Ambassador Ewart-Biggs's tragic death I let it be known I would be happy to take over. I was in line for a promotion at the time and knew which postings, more or less, were available."

This was the forthright response yesterday of Robin Haydon, currently in Valetta as High Commissioner in Malta, to his posting as the new Ambassador to Ireland was confirmed. The adjective commonly used to describe Haydon has been "jovial." There must be plenty of grit in his character, too.

In his willingness to speak up publicly, his style is the same as that of Ewart-Biggs and a contrast to that of several previous Ambassadors to Dublin. But then Haydon continues the policy which began with his assassinated predecessor's appointment of upgrading the Dublin job, previously regarded as a retirement posting. Also reinforcing the impression that this is an Ambassador whom the Irish will get to know about quickly is Haydon's Foreign Office background, with a bias toward jobs in public relations, stretching from an assistant Press attaché's job soon after he joined in 1946 to being head of the News Department from 1967 to 1971.

He then got his first Ambassadorial posting, to Malawi, but was called back in 1973 to become the second former head of the News Department to be installed by Edward Heath as chief press secretary at No. 10. When Labour came back to



power, the politicising of the No. 10 appointment became clear when Haydon was replaced (the Malta job coming up three months later). Haydon had had less than a year in Downing Street, but that year included Sunningdale, so while he said yesterday that he did not claim to be an expert on Irish affairs, he is not a novice either, and Sunningdale will have involved contacts with Dublin as well as the Northern Ireland Office.

Much of the talk between Dublin and London of terrorism, particularly in this period of wide divergence between British Government and British Army opinion, is naturally done direct, rather than through an ambassador. Indeed a large part of Haydon's job in Dublin will be taken up with something less different, the lengthy exchanges between fellow EEC members on what is happening in Brussels.

But in picking Haydon, 56, for this job, Britain appears to have decided that it needs someone to put its Northern Ireland case forcefully and publicly.

## ASC loses Norris

One way of silencing an embarrassing critic is to invite him to join you. The uncharitable may have thought that this influenced the accountancy bodies when they invited Harry Norris, finance director of Wimpey, to join the Accounting Standards Committee. The ASC is the body which tries to set accounting standards for British companies and is very keen, in this post-Sandilands Report phase, that these tax-sensitive standards should be left to professional self-regulation rather than law.

his views on these two issues, and on others like the treatment of associated companies, would not change. But somewhere between an announcement in late June that Norris would be joining the committee and now, when he should have started working on it, there was a parting of the ways. He won't be joining. Neither side wants to go into details about the unfulfilled appointment.

Norris emphasised yesterday that his views on the stock valuation standard were not necessarily those of George Wimpey but he could not say whether Wimpey's 1976 accounts will comply with the new ruling. If Norris has his way they probably will not and auditors Deloitte and Co. may be expected to qualify their report.

On the deferred tax issue, where many auditors anticipated formal implementation of the standard and, on the basis of the draft standard, had been merrily qualifying accounts for some time, there may be one more wrinkle. An ASC meeting has decided to postpone implementation, but that decision has to be backed by a postal ballot of the full ASC which now, with Norris's empty chair, numbers 22. The decision to withdraw needs a two-thirds majority. It is just possible that there are enough hard-liners to veto the withdrawal. The ballot papers go out to-day and we should know the result before the end of September.

## Beyond them

What would happen if all the graduates of the London School of Economics were laid end to end? They would never reach a conclusion.

Observer







# COMPANY NEWS + COMMENT

## Fairclough rises to £2.41m. midterm

FIRST HALF 1976 profits of Leonard Fairclough have risen from £1.8m. to £2.41m. on a turnover of £14m. higher at £30.32m.

The group (civil engineers and building contractors) has obtained as much work as could reasonably be expected during the first six months and the workload is still at a good level.

The carefully conserved cash resources have been maintained consistently at or above the 1975 year end figure, the directors state.

The building work of Parkinson in the south east of England continues to be the "biggest headache," but the directors are dealing positively with this to put it on a sound basis.

The already declared intention to seek work overseas is now turning to reality with the award of a further contract for harbour works in Kenya, a state made in Iran of a project management contract and the award of further valuable work in Saudi Arabia.

Additionally, the tunnelling activity is now established in France and "we are expecting to become involved in other European markets using our particular expertise in this field."

Earnings are shown at 12.5p (11.4p) per 25p share basis, and 12.1p (10.8p) fully diluted. The interim dividend is stepped up from 2.5p net to 4p—the total was 8.25p paid from profits of £4.97m.

First half 1976

Turnover before tax £14,000,000

Tax on profits 1,335,000

Minority share loss 1,335,000

Attributable 1,138,000

Statement Page 13

See Lex

## London Scottish Finance

The net proceeds, amounting to some £18,000, of London Scottish Finance Corporation's share subscription agreement with FIMS, whereby FIMS has taken 20 per cent. of the London Scottish share capital, will initially be applied in reducing short-term indebtedness, say the directors.

This will have the immediate effect of reducing the burden of finance charges and in the longer term the broadening of the capital base will increase the company's ability to take advantage of opportunities for expansion available to it in meeting demand for its services.

The directors say that the terms of the subscription are fair and reasonable and the agreements are in the best interests of the company.

"They intend to vote in favour of a resolution, to be put at an EGM calling for the approval of the agreements, in respect of their beneficial holding of 1,678,658 Ordinary shares (41.1 per cent.) and recommend Ordinary shareholders to do likewise.

A wholly-owned subsidiary of Samuel Montagu owns 12.1 per cent. of the Ordinary and has indicated that it intends to vote in favour of the resolution.

## HIGHLIGHTS

The rise by three-quarters in the interim results of the engineering group Mather and Platt, rather overshadows the more 9 per cent. rise in the Weir Group's interim figures. Mather and Platt's performance was achieved partly through energetic cost-cutting. Lex also comments on the much-improved interim results from L. Fairclough, where profits are higher by a third, and the defence document issued by U.K. Optical in its fight against Pilkington. Elsewhere, Houchin preliminary figures have lifted the group's profits off the plateau of the past four years. A strong second-half performance at the Restmor Group produced slightly higher profits for the year. Nurdin and Peacock has produced strong interim figures but there are worries about a saturated market in wholesale cash and carry. There is more optimism at Automated Security which produced outstanding interim figures.

## Automated Security first half

WITH TURNOVER up 30 per cent. and a profit growth of 35 per cent., the directors of Automated Security (Holdings) say the first half to May 31, 1976 has seen a steady demand for the group's products and services, and present business activity indicates this trend continuing for the rest of the current year.

First half turnover rose from £310,000 to £1,060,000, and pre-tax profits were up from £54,000 to £114,000. In the June prospectus, the directors forecast profits for the year of not less than £280,000 against £241,000 in 1974-75.

As expected, the net interim dividend is 0.1625p net—a total of 0.85p is anticipated. First half net earnings per 10p share are 0.85p (0.49p) and 1.31p (1.03p) before deferred tax.

Profit margins have been maintained in the first six months, the directors say, and the incorporation of the Shiptons systems bought in April this year should assist profits in the second half, with the major benefits of this acquisition flowing through next year.

Formerly Vah Products, the group underwent reorganisation, changed its name and applied for re-listing in June this year.

First half 1976

Turnover £1,060,000

Profit before tax £114,000

Current tax 18,000

Deferred tax 22,000

Set profit 74,000

Internal dividend 42,000

Retained 32,000

Comment

Automated Security looks well placed to maintain the 35 per cent. growth rate achieved in its first half, and pre-tax profits this year should reach £280,000 against a forecast of £280,000. Currently AS has over 12,000 systems on hire with rent reviews coming every year and new installations running at about 13 per cent. (though much more in money terms as systems become more sophisticated). So AS has a steady stream of income with very few effective cancellations while the installation charge ensures a

positive cash flow. This year the Shipton acquisition will make a small contribution, but in 1977 the full benefits should be felt of grafting 1,500 systems on to the company's existing network. Beyond 1978 the expectation is for continued growth and £1m. pre-tax does not look impossible in a narrow range since their June results, but could be in line with a re-rating. Meanwhile, the shares at 10p yield a prospective 10 per cent.

## Confidence at Crown House

A FLEXIBLE financial base and a freedom from short term debt will be used to strengthen the market position of Crown House, and barring difficulties will bring better figures in the current year, say chairman Mr. P. Edge-Purinton.

In the glassware division, noticeable improvement in the export field coupled with planned wider penetration of the domestic markets, gives grounds for optimism, he states.

If economic conditions improve, the year at Crown House Staff Services will be a better one, members are told.

At Crown House Properties, a further development at Cambridge and another at Wembley will shortly begin but neither of these will be completed until 1977-78.

The directors policy, of starting contracting activities in any new area in a small way and developing them as experience is gained and satisfactory results achieved, will be continued as opportunities arise in the future.

In glassware, the policy of expanding export coverage will be continued, but the directors will also be aiming to achieve an expansion in market penetration in the domestic field in this country.

A property revaluation carried out on March 31, 1976 revealed that at £7,432,600 the value is lower than book value by £2,244,000. The book value has accordingly been adjusted in the accounts, and the deficiency deducted

from the unrealised revaluation account.

The directors are to recommend the consolidation of the company's 10p Ordinary shares into units of 25p and they also propose a bonus issue on the basis of one new share for every ten old shares held before consolidation.

As reported on July 13, taxable profit for the year to March 31, 1976 expanded from £1.63m. to £2.08m. and earnings per share rose from 2.6p to 3.1p.

Statement Page 13

## E. Le Bas sees little change

REPORTING first half pre-tax profits up from £368,000 to £421,000 on turnover of £6.85m. against £6.37m., the directors of Edward Le Bas say that profits for all of 1976 will not be materially different from last year's £395m.

Export orders continue to be satisfactory, they tell members, but home market orders remain disappointingly low.

First half earnings are shown to be up from 0.51p to 7.5p per 25p share or from 4.7p to 5.31p fully diluted. The interim dividend is raised from 0.735p to 0.812p net—half the maximum permitted for the year. Last year's final payment was 0.74p.

First half 1976

Sales £6,850,000

Profit before tax £421,000

Current tax 100,000

Deferred tax 100,000

Set profit 221,000

Internal dividend 110,500

Retained 110,500

Comment

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Set profit 221,000

Internal dividend 110,500

Retained 110,500

Comment

Edward Le Bas says that profits for all of 1976 will not be materially different from last year's £395m. Export orders continue to be satisfactory, they tell members, but home market orders remain disappointingly low.

First half earnings are shown to be up from 0.51p to 7.5p per 25p share or from 4.7p to 5.31p fully diluted. The interim dividend is raised from 0.735p to 0.812p net—half the maximum permitted for the year. Last year's final payment was 0.74p.

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Sales £6,850,000

Profit before tax £421,000

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# WALL STREET + OVERSEAS MARKETS

## Prices in retreat after early advance

## +FOREIGN EXCHANGES

## Sterling weaker

BY OUR WALL STREET CORRESPONDENT

NEW YORK, August 24

PRICES drifted lower after a firm start on Wall Street today, with higher car sales for the surrendering early, modest gains. At 1 p.m. the Dow Jones Industrial Average was 2,251.11, having slipped back to show a loss of 1.49 while the NYSE All Com-

Closing prices and market reports were not available for this edition.

mon Index had retreated from its morning advance of 12 cents to stand at 334.45 down 5 cents. Initial strength was due to scattered bargain-hunting and technical considerations, following consecutive declines, but the absence of fresh new developments then tended to restrain demand.

The GAP Stores fell \$1 to \$61, while Coca-Cola fell \$1 to \$54 and Digital Equipment \$5 to \$161.

Ford Motor surrendered \$1 to \$33 after reporting lower mid-August car sales.

Chrysler and General Motors were also lower.

Bank of Nova Scotia—second most active Industrial on 24,368 shares—rose \$1 to \$43.

In Western Oil Hudson's Bay Oil and Gas rose \$1 to \$37 and Western Oil "A"—volume leader on 23,500 shares—rose \$1 to \$37.

PARIS—Most French shares recovered some of their losses of the previous 12 sessions in a technical reaction coupled with buying for the new Account.

Volume was moderate.

Two issues making outstanding performances were the 1976-77, when the index trading was halted after the stock rose Frs.250 to Frs.390.

BRUSSELS—Most shares tended lower in quiet trading at the start of the new Account, but only Golds fell sharply.

Belmont-Sambore, St. Roch and Electrabel rose against the trend, as did Solway—up Frs.75 to Frs.2,450.

Vieille Montagne, Bobek, Cockerill, Wagons-Lits, Gevaert, Mosane and Cometa, however, fell.

Petroleum rose in reaction to recent falls.

AMSTERDAM—After a weak opening, prices closed irregularly higher over a broad front.

Akzo and Philips were steady, while Royal Dutch rose 30 cents to Fr.117.9 and Unilever rose 40 cents to Fr.114.4.

Among higher Banks, Algemeene Ned. Handel put on Fr.13 to Fr.129.

Insurance and Transportations mostly rose.

Dutch Industrials were mixed: Bols Distillers advanced Fr.1.80, but Van Gorder week Mills eased Fr.2.50 and KNP Paper Mills Fr.1.30.

GERMANY—After a strong opening, shares slipped to close only steady. The Commerzbank Index slipped 2.5 to 741.5.

Brokers said Siemens was firmer in early trading, as the market reacted to the issue's OSL in the past week. Also, they said, the restored calm in foreign exchange markets buoyed trading initially, but substantial selling of Mannesmann—down DM12 to 341—which on Monday reported lower first-half sales and warned of possible short-term working this autumn, depressed the market.

Motors were especially weak. BMW lost DM3 to 221 and Daimler-Benz 2.50 to 342, but VW, which late last week announced a final agreement in its negotiations with Pennsylvania on a U.S. manufacturing site, rose 20 pfennigs to DM13.20.

Chemicals were steady, as were Utilities and most Machine Makers, but Stores were weak, except for Karstadt, which rose DM3 to 391.

The chemical sections quiet.

VIENNA—Narrow fluctuations in early trading.

COPENHAGEN—Sharply lower in active dealings. Banks were down, while Swire Pacific rose 5 cents to SKr.13.

AUSTRALIA—Lower in quiet trading, with late buying support.

BHP fell 8 cents to \$48.92, but the Bank of New South Wales put on 2 cents to \$46.04 after falling to \$45.94.

Most of the 12 cents to \$45.18, Tooth 1 cent to \$19.5 and IAC 2 cents to \$11.15, while TNT and Aust. Guarantee were also easier.

All these stocks ended above their value of the day.

TOKYO—Slightly higher, with prices generally moving narrowly in moderate trading. Volume totalled 190m. shares (160m.).

Investors retreated to the sidelines early trading in view of the uncertain political situation, but later interest revived in Capital Goods Producers on reports that domestic investment would turn upward this year after its year-long slump.

JOHANNESBURG—Gold shares eased with Western Holdings down R1.00 at R17.00 and Kloof off 25 cents at R4.60.

Metals were marginally easier, but Copper-producers Messina was unchanged at R3.45. Potgieters rose 1 cent to R1.90.

Industrials tended a shade easier.

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Some support may have been given to the dollar by the U.S. authorities, which have been very weak against the D-mark in early dealings, partly in expectation of good trade figures from West Germany later this week.

The Dutch guilder remained firm, however, and the French franc also improved, to close at Fr.4.4970 against the dollar compared with Fr.4.4880 previously.

The dollar's trade-weighted average depreciation since the Washington Agreement, as calculated by Morgan Guaranty of New York, widened to 2.22 per cent from 2.11 per cent in early dealings.

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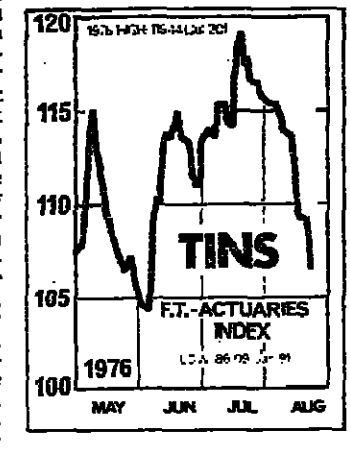




# Technical rally leaves equities well above day's worst

## Index closes 4.4 down at 357.0 after having touched 352.3

Completion	Aug. 24
49.18 (41/178)	Daily..... 172.6
50.55 (41/178)	Inst. Edgew. .... 120.9
49.4 (41/178)	Inst. North..... 120.6
49.4 (41/178)	Inst. Edgew. .... 179.4
42.5 (41/178)	Inst. North..... 146.0
	Total..... 108.7



The rally was not as powerful, owing to the weakness of bullion as prices ended the day only 10 cents higher at \$20.25. The Gold Mines index was a 4.3 off at \$2, its lowest since 1927.

Western Holdings lost ground, St. Helena gas at 77sp. Following news of possible closure of the Marcellus shipped 12 to 30.

Financials murmured. C. managed to retain more modest recovery helped rally at U.S. Industrials. American ended 5 down at 114 1/2.

**These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries**

EQUITY GROUPS			Tuesday, August 24, 1976										Monday Aug. 23	Friday Aug. 20	Thurs. Aug. 19	Wed. Aug. 18	Year ago (approx.)	Highs and Lows Index				
GROUPS & SUB-SECTIONS			Index No.	Day's Change	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT)	P.F. Ratio (Inv.)	Est. P/E Ratio (Inv.)	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	1976		Since Completion				
Figures in parentheses show number of stocks per section.																High	Low	High	Low			
1	CAPITAL GOODS (179)	133.90	-2.8	18.53	6.85	8.11	9.05	137.82	169.50	140.35	140.89	115.61	160.06	133.90	206.37	50.12	160.06	133.90	206.37			
2	Building Materials (30)	120.56	-2.7	16.87	7.68	8.97	8.97	123.95	126.35	127.05	127.73	104.70	150.13	119.77	233.94	44.12	150.13	119.77	233.94			
3	Contracting, Construction (23)	179.46	-2.7	22.82	6.14	6.76	6.76	184.35	186.03	188.04	188.02	207.36	260.20	187.33	359.33	71.41	260.20	187.33	359.33			
4	Electricals (16)	242.73	-3.1	18.24	5.48	8.19	7.97	280.52	253.06	254.36	255.94	217.66	387.30	248.73	550.04	60.79	387.30	248.73	550.04			
5	Engineering (Heavy) (13)	152.01	-4.2	24.95	8.13	6.09	5.98	158.65	162.83	164.29	165.46	134.83	195.18	152.01	202.57	94.44	195.18	152.01	202.57			
6	Engineering (General) (64)	125.66	-2	18.76	7.19	7.92	7.91	129.19	130.39	130.98	131.29	99.25	135.28	125.66	165.53	44.55	135.28	125.66	165.53			
7	Machine and Other Tools (9)	94.98	-1.6	17.60	8.05	8.51	8.49	95.69	96.77	96.95	97.38	39.46	90.68	91.19	135.70	19.91	90.68	91.19	135.70			
8	Miscellaneous (24)	120.74	-2.6	15.74	7.32	9.58	9.30	123.95	125.31	126.26	126.97	97.74	141.94	120.74	177.41	49.63	141.94	120.74	177.41			
9	CONSUMER GOODS (DURABLE) (53)	114.02	-3.5	19.29	6.03	7.79	7.76	118.20	120.01	120.81	121.86	86.09	141.46	114.02	227.76	38.33	141.46	114.02	227.76			
10	Lt. Electronics, Radio TV (15)	133.72	-3.2	18.18	4.66	8.16	8.14	127.81	129.96	131.38	132.17	105.87	148.35	133.72	177.41	42.55	148.35	133.72	177.41			
11	Household Goods (13)	143.88	-4.4	20.16	8.31	7.56	7.55	151.50	153.00	153.06	154.46	130.89	187.22	143.88	268.22	53.91	187.22	143.88	268.22			
12	Motors and Distributors (25)	73.70	-3.7	20.59	7.22	7.38	7.35	76.55	77.70	77.91	78.70	44.93	55.16	70.05	157.75	17.12	55.16	70.05	157.75			
13	CONSUMER GOODS (NON-DURABLE) (168)	134.30	-2.2	16.33	7.12	9.26	9.17	137.37	138.93	140.47	142.14	131.72	162.34	134.30	226.06	61.41	162.34	134.30	226.06			
14	Breweries (15)	148.13	-3	15.94	7.69	9.40	9.40	153.24	155.98	156.52	157.97	152.49	174.57	147.99	281.87	69.77	174.57	147.99	281.87			
15	Wines and Spirits (7)	145.95	-3.5	18.08	8.94	8.82	8.82	151.29	154.15	155.74	158.56	145.05	190.67	145.95	257.40	78.47	190.67	145.95	257.40			
16	Entertainment, Catering (14)	160.11	-2.5	15.29	8.31	10.09	10.01	163.85	166.88	168.54	173.49	150.89	205.17	160.11	257.73	63.83	205.17	160.11	257.73			
17	Food Manufacturing (22)	148.49	-1.5	17.93	5.94	8.49	8.43	150.71	153.88	154.56	155.44	148.14	178.44	148.49	211.65	59.78	178.44	148.49	211.65			
18	Food Retailing (16)	125.11	-2.5	16.00	8.94	10.39	10.39	128.29	130.82	131.70	132.85	130.22	150.05	125.11	183.05	43.43	150.05	125.11	183.05			
19	Newspapers, Publishing (16)	171.38	-2.0	14.30	6.07	10.75	10.75	174.93	177.19	179.90	180.05	120.40	192.40	171.38	218.72	51.02	192.40	171.38	218.72			
20	Packaging and Paper (12)	92.80	-2.2	17.58	8.19	8.76	8.76	94.75	95.80	96.48	98.10	88.85	112.50	92.80	135.68	43.43	112.50	92.80	135.68			
21	Stores (34)	111.03	-2.0	13.75	8.31	11.20	11.18	113.29	115.35	116.32	116.46	115.24	135.36	111.03	204.59	58.44	135.36	111.03	204.59			
22	Textiles (23)	131.77	-2.1	13.95	8.72	10.84	10.84	134.57	137.76	139.36	140.97	133.45	158.17	131.77	187.22	51.02	158.17	131.77	187.22			
23	Tobacco (3)	201.83	-2.2	21.71	8.55	6.85	6.86	206.43	210.97	210.48	212.94	183.93	241.89	201.83	332.18	94.34	241.89	201.83	332.18			
24	Toys and Games (6)	71.06	-4.4	21.22	8.42	8.11	8.11	74.56	75.09	75.16	75.04	43.61	80.95	69.13	155.72	30.59	80.95	69.13	155.72			
25	OTHER GROUPS (96)	194.05	-2.8	13.26	8.86	10.53	10.53	199.58	203.26	204.58	206.53	165.68	251.38	194.05	231.58	71.26	251.38	194.05	231.58			
26	Chemicals (26)	81.21	-2.9	14.60	6.41	10.05	10.05	83.53	85.37	86.04	86.28	74.70	100.18	81.21	146.06	38.44	100.18	81.21	146.06			
27	Office Equipment (8)	356.69	-4.5	13.96	7.32	10.40	9.43	373.89	376.20	376.72	380.80	320.11	418.01	356.69	458.85	69.83	418.01	356.69	458.85			
28	Miscellaneous (49)	141.99	-2.2	15.53	8.08	9.61	9.60	145.14	147.18	148.48	149.55	135.76	178.90	141.99	258.85	51.02	178.90	141.99	258.85			
29	INDUSTRIAL GROUP (496)	138.94	-2.6	16.40	6.87	9.09	9.00	142.63	146.02	145.78	146.58	127.59	165.38	138.94	220.17	50.01	165.38	138.94	220.17			
30	OILS (4)	336.83	-0.8	12.71	4.97	9.10	8.42	339.44	344.36	346.94	350.08	297.94	395.84	331.34	431.66	67.72	395.84	331.34	431.66			
31	500 SHARE INDEX	155.19	-2.3	15.30	6.54	9.09	8.91	158.86	161.44	162.34	163.70	141.44	183.00	155.19	227.95	63.44	183.00	155.19	227.95			
32	FINANCIAL GROUP (100)	119.98	-1.6	6.42	—	—	—	121.97	123.71	124.49	125.46	126.63	153.46	119.98	241.41	58.85	153.46	119.98	241.41			
33	Banks (6)	141.92	-0.4	23.70	6.47	6.49	6.49	145.55	144.80	145.73	146.09	146.55	190.16	141.92	218.72	63.44	190.16	141.92	218.72			
34	Discount Houses (10)	141.69	-0.4	9.76	—	—	—	148.15	148.54	148.54	148.84	146.95	188.52	141.69	289.15	61.44	188.52	141.69	289.15			
35	Hire Purchase (5)	86.90	-2.4	7.48	—	—	—	89.00	90.86	90.86	91.93	95.93	95.09	132.10	85.44	43.78	95.09	132.10	85.44			
36	Insurance (Life) (8)	96.57	-2.4	7.39	—	—	—	98.95	100.16	100.46	102.80	100.17	129.45	96.57	184.72	41.12	129.45	96.57	184.72			
37	Insurance (Composite) (7)	97.43	-1.4	7.31	—	—	—	98.86	100.38	100.46	101.74	107.25	131.78	97.43	184.72	41.12	131.78	97.43	184.72			
38	Insurance Brokers (8)	219.09	-6.5	11.18	5.31	13.31	13.31	229.48	232.44	233.15	234.17	187.92	276.30	219.09	276.30	63.44	276.30	219.09	276.30			
39	Merchant Banks (16)	65.26	-2.1	8.57	—	—	—	66.69	68.09	68.37	68.34	80.20	93.83	65.26	276.87	51.02	93.83	65.26	276.87			
40	Property (32)	159.39	-2.1	5.88	3.43	48.14	43.74	163.84	164.90	167.40	162.37	160.65	211.17	159.39	258.85	63.44	211.17	159.39	258.85			
41	Miscellaneous (6)	71.52	-0.2	17.97	8.65	8.60	8.60	71.19	71.68	72.01	72.62	62.68	91.98	71.52	305.15	38.33	91.98	71.52	305.15			
42	Investment Trusts (50)	139.73	-1.7	5.80	5.41	27.20	27.30	142.13	143.44	143.84	145.80	146.97	184.55	139.73	245.79	71.63	184.55	139.73	245.79			
43	ALL-SHARE INDEX (650)	145.80	-2.2	6.46	—	—	—	148.12	151.44	152.29	153.48	137.69	172.64	145.80	232.18	61.93	172.64	145.80	232.18			
COMMUNITY GROUPS (Not included in 500 or All-Share indices)																						
44	Rubbers (9)	558.11	-1.5	10.16	6.12	14.42	13.19	465.10	467.51	472.94	474.72	410.81	523.40	404.97	555.37	86.61	523.40	404.97	555.37			
45	Teas (5)	135.55	-1.0	29.66	9.32	4.48	4.36	137.90	136.66	138.81	139.87	110.16	143.45	135.79	142.45	56.73	143.45	135.79	142.45			
46	Coppers (3)	180.43	54.77	9.52	1.85	1.85	1.85	180.43	180.43	180.43	180.75	373.84	180.43	180.43	180.43	119.98	180.43	180.43	180.43			
47	Mining Finance (11)	84.87	-1.7	12.32	5.92	10.14	9.07	86.16	88.01	88.53	89.67	123.34	115.77	84.87	175.90	66.53	115.77	84.87	175.90			
48	Tins (9)	106.32	-2.2	15.06	9.94	10.19	10.19	106.68	109.11	109.11	109.11	85.79	119.17	106.32	135.43	66.53	119.17	106.32	135.43			
49	Overseas Traders (13)	201.89	-3.5	17.31	4.98	7.75	7.75	209.42	210.17	212.69	213.83	208.81	254.47	201.89	254.47	87.87	254.47	201.89	254.47			
FIXED INTEREST			Thurs. August 23	Monday August 23	Friday August 20	Thurs. August 19	Wed. August 18	Tuesday August 17	Monday August 16	Friday August 13	Year ago (approx.)	1978				Since Completion						
		Index No.	Yield %									High	Low	High	Low	High	Low					
1	Consols 2½% yield	—	14.26	14.16	14.04	14.03	14.08	14.03	14.02	14.10	14.17	—	—	—	—	—	—					
2	20-year Govt. Stocks (6)	47.94	13.85	48.19	48.41	48.47	48.61	48.62	48.58	48.30	50.06	52.46	47.96	118.42	83.27	52.46	47.96					
3	20-yr Red. Deb. & Loans (15)	46.80	14.84	49.01	50.39	50.09	50.26	50.16	50.16	50.16	47.88	52.40	46.88	115.43	87.01	52.40	46.88					
4	Investment Trust Prefs. (15)	49.16	14.09	48.06	49.09	49.09	49.00	48.73	48.73	48.73	46.90	51.25	49.53	114.41	84.43	51.25	49.53					
5	Coml. and Indl. Prefs. (20)	69.13	13.60	69.21	69.55	69.37	69.26	69.11	69.01	68.77	65.90	72.02	69.13	118.65	81.77	72.02	69.13					
Section or Group			Base Value	Section or Group	Base Value	Section or Group	Base Value	Section or Group	Base Value	London, ECEP 087, price 13c. By post 25c.												
Overseas Traders			31/12/74	Insurance Brokers			29/12/67	66.57			A record of the index 13c. can be obtained from FT Business Enterprises, 11, Ball Court, London E.C.2. It gives all areas of the index and is fortnightly intervals since the start of the series 1962 with quarterly highs and lows. Dividend & share indices are available from the Publishers.											
Engineering (Heavy)			31/12/74	Mining Finance			31/12/74	120.00			NAME CHANGES: Charrington Garden Lock has changed its name to Charrington Industrial and Manufacturing.											
Engineering (General)			31/12/74	All Other			31/12/74	120.00			U.K. Chemical has changed to name U.K. International.											
Wines and Spirits			18/1/70	2½% redemption yield, FT-Accrues indices are calculated by Excel Communications Limited (a company in the Exchange Telegraph Group) on an IBM 370 computer.																		
Wines and Spirits			31/12/70	A list of the constituents of the FT-Accrues Share Index is now available from the Publishers the Financial Times, Brocken House, Cannon Street, London E.C.4.																		
Industrial Group			31/12/70																			

ing level, support was forth- any worthwhile buying, following the crash rather

do- any worthwhile trading  
no- and the fresh outburst  
com- U.S. overnight, but pri-  
m- later staged a modest  
co- when some Cape dem-  
ria reported.

2p The rally was not as  
ve- however, owing to the co-  
ne- weakness of bullion an-  
ph- dition of the fact that  
to- the rally, above their lowest  
a Gold Mines index was  
4.3 off at 82, its lowest sin-  
22, 1972.

3p Western Holdings lost  
5p- \$735. St. Helena gas  
w- at 773p. Following news  
at that the U.K. Industrial  
Average slipped 12 to 3  
30p.

4p Financials murmured the  
ne- management to retain more  
the- modest recovery helped  
the- rally in U.K. Industrials.  
as American ended 8 down  
after 183p.

5p at the end of the day  
the- increase in half-year resu-  
the- lts. Beers were 4 off at 194.  
192p, while "Johnnies"  
in- reported a modestly in-  
re- flated dividend after market  
at- was a half-point lower at  
rs- Cape interest fell. Fl-  
the- from the earlier low.

6p Petroleum ending 3  
at 110p. After 105p and  
4p Platinum 2 easier at 10  
103p. In Coppers, Betw-  
p- sided 8 to 35p.

7p Australians were 2

Elsewhere, Marchison :  
40 to 600p reflecting the  
decline in South African  
but Northgate were an  
better : at 325p. helped  
premium.

## RATES

Allied Irish Banks Ltd.	
American Express Bank	
Anglo-Portuguese Bank	
Henry Ansbacher .....	
Banco de Bilbao .....	
Banco de Jerez .....	
Bank of Cyprus .....	
Bank of N.S.W. ....	
Banque du Rhone S.A.	
Barclays Bank .....	
Barnett Christie Ltd.	
Bremar Holdings Ltd	
Brit. Bank of Mid. Eas	
Brown Shipley .....	
Canada Permanent AF	
Capitol C & C Fin.	
Lt. Carter, Fowler Co. Ltd	

OPTION DEALING DATES					Consolidated	Gold	Fields
First	Last	Last	Declara-	Settle-	Burmah	Oil	British Vita
Deal-	Deal-	Deal-	tion	ment	Fitzwilson	BSG	International
Aug. 17	Aug. 31	Nov. 1	Nov. 23				
Sep. 1	Sep. 31	Nov. 25	Dec. 23				
Sep. 14	Sep. 27	Dec. 9	Dec. 21				
"Calls" were dealt in EMU,					National Westminster Bank		
Lourbro, Grand Metropolitan, ICL,					Warrants, Babcock and Wilcox		
					J. Brown and Macklow.		

[illegible]

YESTERDAY		Up	Down	Same
Price Funds	7	40	4	
Corp. Dom. and Foreign Bonds	1	24	34	
Industrial	93	932	682	
Financial and Prop.	38	319	213	
U.S. Govt. Bonds	5	31	21	
International	3	14	20	
Income	8	96	50	
Mutual Issues	6	21	8	
<b>Totals</b>	<b>151</b>	<b>1,451</b>	<b>1,041</b>	

## Interest rates higher

Twentieth Century Bt  
 United Bank of Kuwa  
 Whitesway Laidlaw  
 Williams & Glyn's ....  
 Yorkshire Bank .....  
 ■ Members of the Accedit  
 Committee.  
 \* 7-day deposits 6½%, 1-month  
 6½%.  
 † 7-day deposits on sums of £  
 under £100,000 up to £25,000  
 over £25,000 7½%.  
 ■ Demand deposits 8%.

Close 256-361

**RATES**  
Atlantic Assurance.....  
Cannon Assurance.....  
Address shown under Insurance  
Property Bond table.





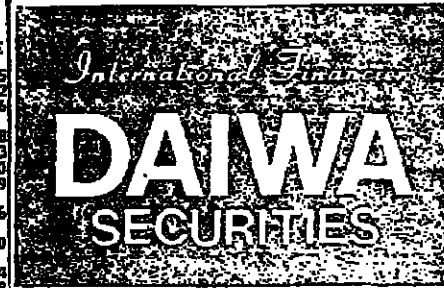


## FT SHARE INFORMATION SERVICE

**ENGINEERING—Continued**[illegible]



## 21.

[illegible]

**Finance, Land, etc.**

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12	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835	836	837	838	839	840	841	842	843	844	845	846	847	848	849	850	851	852	853	854	855	856	857	858	859	860	861	862	863	864	865	866	867	868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935	936	937	938	939	940	941	942	943	944	945	946	947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969	970	971	972	973	974	975	976	977	978	979	980	981	982	983	984	985	986	987	988	989	990	991	992	993	994	995	996	997	998	999	1000
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# FINANCIAL TIMES

Wednesday August 25 1976

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## U.S. attacked by Lardinois on farm trade

BY ROBIN REEVES

BRUSSELS, August 24.

AN ATTACK on the agricultural trade policy of the U.S. as a "one-way street" was made today by M. Pierre Lardinois, outgoing European Commissioner for Agriculture.

He said the Americans demanded free access for their farm exports but applied rigid protection against imports.

Speaking to the U.S. National Soybean Processors' Association in Monterey, California, Mr. Lardinois said in a speech released here: "You preach free trade when it comes to other people's internal markets but you practise rigid protection at home. For us Europeans, America has become the most protected farm market in the world."

Because of the U.S. attitude, an element of tension, he warned, "is creeping into Euro-American relations."

"If this is not faced squarely, it could lead to some sort of rupture."

Common Market farm exports were being shut out of one American market after another. "We have been kept out of your dairy market by a rigid system of quotas. We are being pushed out of the market for canned hams. We have been displaced almost completely in the beef market."

### Retaliation

"The U.S. is threatening action against our dairy exports. New farm regulations are constantly threatening different minor products exported by the EEC to the U.S."

At the same time, the American administration lost no

opportunity to misconstrue community actions—taken for very good reasons—and label them as protectionist, as anti-soybean exports, or even against the General Agreement on Tariffs and Trade.

America's use of GATT complaint procedures was all too easy, because the U.S. did not have obligations for farm products under GATT.

Recently, the U.S. administration had complained strongly and threatened retaliatory action against the community deposit scheme for vegetable protein and the proposal for consumption tax on vegetable oils, notably margarine, as part of the EEC plan for dealing with dairy surplus.

Contrary to the view of some U.S. leaders in agriculture, the deposit scheme had not hurt EEC imports of soybeans. Equally, there was nothing in the community's milk policy that should endanger the EEC-U.S. trade partnership. The tax on vegetable oils, imported and home produced, was being proposed to match the tax on milk deliveries and so prevent a further reduction in butter's competitive position. It was not a discrimination against the U.S.

Mr. Lardinois said he was unhappy about sharp fluctuations in soybean prices—up to 80 per cent. for weak-currency importing countries—which had little to do with supply and demand but arose out of a new kind of speculation. "I tell you bluntly that we want more stability in soy prices and this may be something we shall have to talk about."

## Japan's ruling caucus demands new leaders

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, August 24.

A CAUCUS meeting of Japan's ruling Liberal Democratic Party's parliamentary membership this afternoon called for "a complete change" of party leadership.

A party split was narrowly averted when a meeting between Mr. Takeo Miki, Prime Minister, and his two main opponents, Deputy Prime Minister Takeo Fukuda and the Finance Minister, Mr. Masayoshi Ohira, was adjourned without leading to the declaration of intra-party war widely expected.

Mr. T. Miki has been publicly urged to step down by other top leaders of the party as well as Mr. Fukuda and Mr. Ohira.

His numerical support within the party is now so weak that it is a foregone conclusion that a party caucus would vote in favour of his resignation if an explicit motion to this effect were put before it.

This afternoon's caucus meeting appeared to be preparing itself for precisely such a vote—depending on the outcome of the three-cornered Miki-Ohira-Fukuda meeting which was simultaneous in session.

The twist in the situation is that the Prime Minister's virtual powerlessness within his own party contrasts with the fairly high degree of support outside it.

The fear of provoking a final showdown explains why today's 80-minute summit meeting between Mr. Miki and his two opponents ended with a relatively tame agreement to continue discussions to-morrow instead of with a more dramatic conclusion.

The anti-Miki movement within the party has stopped short of steps which would actually force the Prime Minister out of office, apparently because of fear that if he is expelled from the Premiership he could leave the party and take a sizeable number of his personal followers with him.

### Urgent Bill

If a compromise does emerge at to-morrow's convened summit it will probably take the form of Mr. Miki giving an undertaking to step down from the leadership at some date, in the not-too-distant future, the anti-Miki camp agreeing to refrain not to force him out of office and to let the Government get on with its current legislative programme.

Mr. Miki is anxious to call the Diet into extraordinary session quickly to pass urgently needed Bills authorising the issue of bonds to bridge the Government's Budget gap. He claims that the need for such legislation

is more urgent than the party leadership struggle.

He has declared his determination to lead the party into the General Election which is constitutionally due this winter, but he may, conceivably, be persuaded to back down from this resolution if a way can be found for him to make an honourable exit from office some time before the end of the year. That might involve his remaining as Prime Minister until after the 60th anniversary of the Emperor's Accession is celebrated in October.

Mr. Miki is credited with having got to the bottom of the Lockheed scandal and with being sufficiently courageous to allow the arrest of a former Prime Minister, Mr. Kakuei Tanaka, despite pressures from inside the party, to arrange a cover-up.

Mr. Miki has come under particularly strong attack during the past few days from members of the LDP faction formerly led by Mr. Tanaka. There have even been rumours that Mr. Tanaka himself—has been released on bail this week—has been helping to organise the campaign against the Premier. All this contributes to an explosive mixture which could detonate at any moment with potentially fatal consequences for the ruling party.

## S. Africa bank chief squashes hopes of early reflation

BY GRAHAM HATTON

JOHANNESBURG, August 24.

HOPES for an early reflation to counter South Africa's two-year-old economic recession and rising unemployment were firmly squashed today by Dr. T. W. de Jongh, governor of the Reserve Bank.

Blaming political developments as well as the tumbling gold price and world recession for aggravating the downturn, he warned that "serious short-term economic difficulties" would not be resolved overnight. It was evident "that a difficult period of adjustment still lies ahead."

Dr. de Jongh warned: "We are still living beyond our means. Although the economy is in the process of making the adjustments necessitated by the series of adverse developments to which I have referred, this process is not yet complete and considerable further effort will be required if we are to attain our present policy objectives."

According to the bank's annual economic report published yesterday, the key policy objectives are strengthening the balance of payments and curbing the rate of inflation.

Commenting on the capital account of the balance of payments, it would be prudent, the

governor said, to anticipate a smaller net inflow of long-term foreign capital to both the private and the public sector during the year ahead than during the past year. However, the net movement of short-term private capital was likely to respond favourably to any tightening of the domestic monetary and banking situation resulting from the Government's operation of fiscal and monetary policy.

"In these circumstances our present short-term economic strategy of curbing gross domestic expenditure largely through monetary and fiscal policies will have to be continued."

Dr. de Jongh claimed a key to success would be the extent to which Pretoria achieves its budget targets, specifically in reducing the Government's use of bank credit.

He said that conservative fiscal and monetary policies would have to stay in force "until such time as not only the combined value of our exports and net gold output, but also the net gold and foreign exchange reserves, show a surplus of R471m. in June this year—have risen to a much higher level."

The only economic upswing the country could afford at present was an export-led recovery.

In the meantime, if the Government deemed it necessary to spend more on defence or the development of infrastructure, it would have to spend less on other things. "This, of course, also holds for expenditure on imports."

For the present, therefore, it would be premature to attempt to stimulate economic activity by means of expansionary or fiscal policies.

Banking observers saw the governor's remarks as going at least part of the way towards reviving confidence in the exchange rate. They pointed out that one of the chief fears among bankers, traders and investors was that the authorities might relax their restrictive policies and start to reflate, something which they believe would have disastrous consequences for the balance of payments. Whether the governor's firm stand would be enough to preserve confidence in the exchange rate, even if the price of gold were to continue its present slide, was less certain, they said.

Soweto work boycott, Page 5  
S. African stock market, Page 15

## New peace hope for junior doctors

BY KEVIN DONE, INDUSTRIAL STAFF

A SOLUTION to the protracted junior doctors' dispute appeared possible last night after a four-hour meeting between Mr. David Ennals, Secretary of State for Social Services, and leaders of the country's 18,000 junior doctors.

Mr. Ennals said last night that sufficient progress had been made in the meeting for the doctors to call the executive of the Hospital Junior Staffs Committee together for talks to-day to consider new proposals made during last night's discussions.

Last week the juniors threatened to take 24-hour strike action next Tuesday unless a "fair solution" to their dispute

was achieved. They feel that the Government has broken an agreement made earlier this year to pay overtime rates during holiday periods or study leave.

The executive will meet to-day at the Department of Health and Social Security where it is understood Mr. Ennals will be available for any further contact. The Minister refused to disclose details of the new proposals last night, but said that no new money was involved, and that any agreement would be within the pay code. He said he remained hopeful that a solution could be achieved.

Continued from Page 1

## Jobless

employment is complicated not only by the continuing slump in the labour market which can still be taken up by increased overtime but also by discrepancies in the trends of employment and unemployment.

This may be partly explained by variations in the proportion of those out of work registering as unemployed—this percentage appears to have increased, particularly for women.

Somewhat paradoxically, both female employment and unemployment have increased over the last two years with a narrowing of the gap between the percentage rate of male and female unemployment.

Women have accounted for two-thirds of the overall rise in the number out of work over the past three months.

The total number of un-

employed aged under 60 out of work for more than four weeks (thus excluding those between jobs and near retirement age) tended to stabilise earlier in the summer but has risen by 135,000 in June, over the last month.

The number of unemployed school-leavers has fallen by 5,000 as a result of a final 45,000 joining the register and 50,000 leaving.

The present total of 203,000 compares with 168,000 a year ago and is still about one-third of those who have left school this summer.

The figure should, however, decline as school-leavers take up agreed jobs this autumn and the recruitment season begins, although those left unemployed by the winter would still be higher than a year ago.

## Weather

**U.K. TO-DAY**  
MOSTLY hot, some mist and thundery showers.

**London area, Midlands, N.W. Cent. N. England, Lake District**  
Mainly sunny. Wind S.E., light. Hot. Max. 28C (82F).  
**S.E. England, E. Anglia, Cent. S. E., N.E. England, Borders, Edinburgh, Dundee, Aberdeen**  
Fog on coasts, sunny. Wind S.E., light. Very warm. Max. 28C (79F). Cooler on coasts.  
**Channel Islands, S.W. England, Wales, Isle of Man, N. Ireland**  
Hill and coastal fog, cloudy

BUSINESS CENTRES			
City	Max	Min	Wind
Amsterdam	24	16	W 20
Brussels	24	16	W 20
Frankfurt	24	16	W 20
Geneva	24	16	W 20
London	28	16	W 20
Madrid	24	16	W 20
Munich	24	16	W 20
Paris	24	16	W 20
Rome	24	16	W 20
Stockholm	24	16	W 20
Switzerland	24	16	W 20
Vienna	24	16	W 20
Zurich	24	16	W 20

## Burmah Oil denies bribes

BY JOHN WYLES, SHIPPING CORRESPONDENT

BURMAH OIL last night denied any knowledge of payment of bribes in connection with its liquefied natural gas contracts, following the publication of fresh newspaper allegations.

These appeared yesterday in the Japanese daily Yomiuri, which said the presence in Tokyo of Burmah's managing director Mr. Stanley Wilson and his fellow director, Mr. Campbell Anderson.

In a statement yesterday Mr. Wilson said the newspaper carried a report that an approximate ¥900m. (£174m.) pay-off was made by Burmah Oil to high shipping officials in Japan in connection with the LNG transportation agreement with Indonesia to Japan.

Referring to a New York Times article published last Thursday which mentioned allegations of improper payments to

Indonesian generals, allegations which the newspaper said had not been specifically denied by Burmah, Mr. Wilson went on: "Burmah hereby states that it knows of absolutely no bribes paid to any officials or individuals in connection with the aforementioned LNG contract."

### Embarrassed

Burmah executives are becoming increasingly embarrassed by such reports, whose timing they believe to be more than coincidental. Mr. Wilson and Mr. Anderson are negotiating now with Pertamina, the Indonesian State oil company.

Burmah has a charter from Pertamina to supply at least five ships to transport the gas. It is understood that the negotiations, which also involve Pertamina officials, are aimed at obtaining higher prices for the shipments

to help cover the increased costs of transport and ships since the deal was made three years ago.

The ships are being built at a cost of more than \$600m. by the U.S. company General Dynamics, which joined with Burmah last week in denying New York Times allegations that improper applications had been made for Federal shipbuilding credit guarantees to help cover the cost of the ships.

General Dynamics yesterday issued another statement denying reports in the same newspaper that senior executives had been trading in the company's stock on the basis of inside information. Mr. David Lewis, General Dynamics chairman and one of those implicated by the report, said that the stock had been acquired through employees who had been paid for the required period and then sold to repay loans taken to purchase the stock initially. Some 85 per cent of the stock had been sold to other directors of the company.

Continued from Page 1

## Drought 'not critical'

imposition of 50 per cent. water cuts to industry, it was estimated that 70 per cent. of companies in south-east Wales would not find their production seriously impeded.

Mr. Howell gave this picture of the water situation: "The Government regards the present situation as serious but not yet critical. It is our intention that by the redevelopment of resources as far as is practicable, and by sensible restrictions, to maintain the life of the country as near to normality as possible."

"We would like the country to bear in mind that if we have the average rainfall for the winter months (18 inches in England and 30 inches in Wales) this will be insufficient to prevent a serious situation next summer in certain localities. Therefore we cannot afford to take any chances. Nor do we intend doing so."

Mr. Howell's responsibilities will also embrace schemes to augment water supplies. They will include new bore holes, the deepening of existing bore holes, the more extensive use of poor quality water pumped out of coal mines for industrial cooling and processing, new water pipelines to make emergency connections between areas, special control of river flows, and the shipment of bulk cargoes of water by sea tanker.

The Government is to study the possibility of using tankers to transport water by sea from the North Wales reservoirs to South Wales. The drought in Northamptonshire might be relieved by temporarily reversing the eastwards flow of the river Ouse. The plan is to fill up the large reservoir at Grafham Water.

Several pipeline plans are being considered. But they will shops.

be expensive. A pipeline to transfer 8m. gallons a day would cost about £100,000 a mile.

From 8 a.m. to-day the Department of the Environment will man an Operational Centre to provide information on the drought and to handle inquiries from industry and private consumers. The telephone number is 01-212 4591 and the centre will be open from 8 a.m. to 8 p.m. daily.

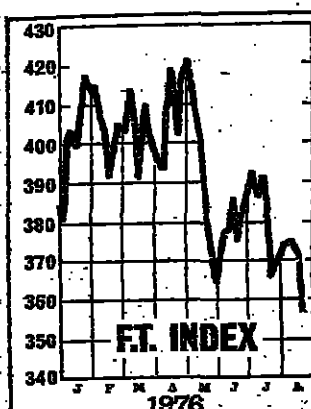
John Edwards, Commodities Editor, writes: Mr. Fred Peart, Minister of Agriculture, said that the Ministerial meeting and agreed not to take an immediate decision on evaluation of the Green 2. He added, however, that the Green 2 was under review all the time.

The Minister refused to be drawn further on the subject of the Green 2—a hot political issue. Any evaluation would mean a rise in the cost of food in the shops.

THE LEX COLUMN

## Equities tipped off balance

Index fell 4.4 to 357.0



At around this stage of a normal economic cycle the equity market tends to be balanced between two roughly equal sets of forces. On the one side the expanding economy promises higher activity and profits and a mood of greater confidence among investors at large. On the other, increasing competition for credit pushes up interest rates, and a deteriorating trade balance puts pressure on sterling and brings fears of Government restraint.

What seems to have unsettled equities is that this normal balance is lacking. A sluggish economic upturn—as indicated by recent industrial production and now unemployment figures—is further threatened by the drought. Yet the financial pressures are still building up according to previous cyclical patterns—that much is implied by the money supply. In the slightly longer term monetary strains should in fact be eased if GDP growth proves tardy. But the Government's economic policies are looking increasingly untenable.

### Engineering

Apart from being roughly similar sized, engineering companies and arch rivals in the pump market, Weir Group, and Mather and Platt have more in common than meets the eye.

After a decade of minimal profit growth, Weir doubled its profits last year, principally by loss elimination, and now Mather and Platt is wielding a similar axe to improve its historically dull profit record. Leaving out a recent Saudi Arabian order for a £40m. desalination plant, Weir's order position is unchanged over the last six months while Mather and Platt's 19 per cent. rise in orders reflects the new pricing policies more than any underlying improvement.

for further capital if its debt/equity ratio is to be kept under 70 per cent. (a level it feels is acceptable).

By contrast Weir group has already had its rights issue and the beneficial impact of loss elimination, and is now waiting for a recovery in the engineering cycle to produce its profit growth. The pumps side has been hit by cancellation at Swan Maritime and pre-tax margins have slipped from 6.4 per cent. to 5.9 per cent. Consequently it has had to depend on an extra £166,000 from its associates for the bulk of its 9.2 per cent. rise in pre-tax to £3.4m.

The state of both companies' order books give few clues of any real recovery in the engineering industry cycle. Leaving out a recent Saudi Arabian order for a £40m. desalination plant, Weir's order position is unchanged over the last six months while Mather and Platt's 19 per cent. rise in orders reflects the new pricing policies more than any underlying improvement.

### Leonard Fairclough

Leonard Fairclough's interim profits take account of "substantial" losses at Sir Lindsay Parkinson and are up from £1.8m. to £2.4m. pre-tax. So with Parkinson likely to get close to break even for the year as a whole—a clutch of local authority "problem" contracts have now been whittled down from 16 to 6—profits in 1976 should emerge in the region of £8m., against £4.97m. last time. Fairclough acquired Parkinson two years ago and made below the line provisions of over £210m.

### Pilkington/UKO

A decision by the Fair Trading on when to refer the Pilkington UKO International Monopolies Commission not certain before the extension is, however, a new defence circle. The new defence circle expires on Friday. UKO adds little to its arguments, the weak remaining gap between the bid price, currently 17 p, the market price of 14 p, least the yield of 8.3 p at this level should it further downside potent the general weakness of the market—Pilkington's down a tenth since the announcement—may be favouring the defence.

### British Land

The figure of £205 British Land's overall last March 31 given her day did not allow for permitted adjustments purposes of its borrowings. These adjustments, minority interests and liabilities, reduced the debt total to £197m. I would limit imposed trust debt constituting per cent. unsecured loan is four times capital serves. According to the auditors Binder recent property revaluation incorporated in the a value reduce capital serves from £98.2m. to £52.6m. including a £46m. in the dealing subsidia the latter basis the I borrowing limit would over £210m.

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For further details phone Mike Brown or Phillip Davies 01-366 1271

**Fairview**  
50 Lancaster Road, Enfield, Middlesex  
Telephone: 01-366 1271